



Domestic Food Assistance and the 2008 Farm Bill

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Summary

The nutrition title of the omnibus 2008 “farm bill” is the focus of legislation affecting domestic food assistance programs in the 110th Congress. The program areas that are addressed include the regular Food Stamp program, programs operating in lieu of food stamps (e.g., Puerto Rico, Indian reservations), The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program, Community Food Projects, the Seniors Farmers’ Market Nutrition Program, initiatives to provide fresh fruit and vegetable in schools, and newly proposed nutrition and health promotion or support projects. Other nutrition programs (child nutrition and WIC programs) have not been a major part of the active legislative debate, although a number of bills noted in this report address them, and some legislative changes affecting them are part of appropriations law and the farm bill.

The 2008 farm bill has been enacted as P.L. 110-246. The nutrition title of this law has a projected new cost of about \$3 billion over the next 5 years (FY2008-FY2012) and well over \$9 billion over the next 10 years (FY2008-FY2017). The major share of this spending is due to changes in food stamp rules—increasing benefits and loosening eligibility standards—and expansion of support for TEFAP and fresh fruit and vegetable initiatives.

The most significant substantive nutrition program issues that were raised in the farm bill debate were those surrounding the Food Stamp program and support for fruit and vegetable programs, particularly how much to add in new spending. Despite cost differences, the House and Senate bills were very similar in the policy changes they proposed. Their nutrition titles (Title IV) renamed the Food Stamp program, increased program benefits, and loosened some eligibility rules. They increased spending for TEFAP, added support for the fresh fruit and vegetable program, and allowed exercise of geographic preference when procuring food for child nutrition programs. However, they differed in some policy aspects. The House proposed substantial limits on states’ ability to “privatize” their administration of food stamps (not adopted in the final measure). And the Senate’s bill included a number of initiatives not covered in the House (only some of which were incorporated in the final law) relating to food stamp eligibility for able-bodied adults without dependents, eased access to the Food Stamp program, support for farmers’ markets, projects to promote health and nutrition through the Food Stamp program, and dietary supplements.

A lingering issue involves the response of food assistance programs to recent, relatively rapid, food price inflation, although no legislation has been introduced in this regard.

This report will be updated as warranted by legislative action

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Introduction

In the 110th Congress, legislative action on virtually all domestic food assistance issues outside the annual Agriculture appropriations measures has been focused on the omnibus “farm bill”—periodic legislation (the last farm bill was enacted in 2002) that covers most programs and activities carried out by the U.S. Department of Agriculture (USDA or “Agriculture Department” in this report). Farm bills serve as a vehicle for reauthorizing a wide range of expiring authorities, making changes in (or ending) existing programs, and launching new initiatives.¹

On the other hand, some food assistance efforts are reauthorized and reviewed on a different schedule and are up for review in 2009; these include child nutrition programs (like the School Lunch program), the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program), and the WIC Farmers’ Market Nutrition program.² With exceptions, annual appropriations laws typically are not the arena for significant policy decisions relating to nutrition assistance programs.³ And some important nutrition program changes now under way at the USDA are unlikely to become the subject of legislation per se, such as revision of the content of food packages distributed through the WIC program, revamping the nutrition guidelines for school meals, modification of food packages offered under the Food Distribution Program on Indian Reservations (the FDPIR).

This report covers issues and legislative changes addressed in the farm bill, legislative changes included in the FY2008 Agriculture appropriations measure (included in the FY2008 Consolidated Appropriations Act; P.L. 110-161), and proposed legislation that involves programs and activities that are normally not part of the farm bill (e.g., child nutrition program proposals).

The 2008 Farm Bill

Background

In FY2006, the \$35 billion spent for federal programs and activities covered by the nutrition title of the 2002 farm bill (and addressed in the most recent farm bill) accounted for over half of the

¹ For a look at the farm bill as a whole, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, coordinated by (name redacted).

² Normally, the only child-nutrition or WIC-related provisions that might appear in a farm bill are those relating to commodity assistance to schools or initiatives like fresh fruit and vegetable projects, discussed later in this report. However, past farm bills have, in some cases, included relatively minor revisions affecting child nutrition and WIC program operations. Child nutrition and WIC programs were last subject to a comprehensive review and reauthorization in the 2004 Child Nutrition and WIC Reauthorization Act (P.L. 108-265). Unlike in the Senate, where they (along with most other food assistance programs) are under the jurisdiction of the Senate Committee on Agriculture, Nutrition, and Forestry, child nutrition and WIC programs are in the jurisdiction of the Education and Labor Committee in the House.

³ Major exceptions are funding levels for the Commodity Supplemental Food Program (the CSFP) and the Food Distribution Program on Indian Reservations (the FDPIR)—both set in the annual appropriations process. In addition, Agriculture Department appropriations bills sometimes include legislative changes; for those being considered in the FY2008 appropriations process, see CRS Report RL34132, *Agriculture and Related Agencies: FY2008 Appropriations*, by (name redacted).

spending projected for all farm-bill-covered programs and activities and 36% of USDA outlays.⁴ The lion's share of this support was for the Food Stamp program, which (along with child nutrition and WIC programs) is widely viewed as the federal government's primary response to the food needs of low-income Americans. Nutrition assistance programs also play a role in federal support for the agricultural sector through direct commodity purchases and increased demand for food.

The USDA oversees almost 20 domestic nutrition assistance programs and related activities, spending some \$54 billion in FY2006, 55% of USDA outlays.⁵ Virtually all are administered by states, schools, or local grantees under federally prescribed rules. Federal oversight of these programs (e.g., regulations governing program operations) is the responsibility of the USDA's Food and Nutrition Service (FNS). In addition, the USDA's Agricultural Marketing Service (AMS), the Farm Service Agency (FSA), and the Commodity Credit Corporation (CCC) play roles in the procurement and distribution of food commodities for some programs.

The farm bill covers 8 of these program areas accounting for about 65% of federal spending on domestic nutrition aid. Farm bills traditionally reauthorize expiring authorities and appropriations for these domestic nutrition assistance initiatives and are the principal vehicle for revising rules that govern how they operate and how much they will cost. They regularly include the following 5 areas:

- the regular Food Stamp program in the 50 states, the District of Columbia, Guam, and the Virgin Islands;
- programs operating in lieu of the regular Food Stamp program—nutrition assistance block grants for Puerto Rico, American Samoa, and the Northern Mariana Islands, along with the Food Distribution Program on Indian Reservations (the FDPIR);
- The Emergency Food Assistance Program (TEFAP);
- the Commodity Supplemental Food Program (the CSFP); and
- Community Food Projects.

Moreover, the 2002 farm bill added 3 items to this list. It provided statutory authority and mandatory funding for a new *Seniors Farmers' Market Nutrition Program* (the SFMNP) and established a pilot program to distribute *free fruits and vegetables in schools* (later expanded and made permanent). It also included a provision affecting commodities distributed to schools—earmarking some federal spending on these commodities for fresh produce acquired and distributed through Defense Department procurement facilities (the "*DOD Fresh*" program).

All farm bill domestic nutrition assistance programs, except for the CSFP, the FDPIR, and the administrative and distribution-cost component of TEFAP, generally are treated as *mandatory entitlements* for budget purposes. For the regular Food Stamp program, this means that, in order

⁴ For domestic food assistance in the USDA budget, see CRS Report RL34132, *Agriculture and Related Agencies: FY2008 Appropriations*, by (name redacted).

⁵ Nutrition programs for the elderly (authorized under the Older Americans Act and administered through the Department of Health and Human Services) are the only domestic nutrition assistance programs outside the USDA. They are typically funded at about \$700 million a year in the appropriations measure for the Department of Health and Human Services.

to affect costs, eligibility, benefit, or other program rules must be changed. Specific annual mandatory funding levels are set by law for the Puerto Rico and American Samoa grants (these are indexed), the food component of TEFAP, Community Food Projects, the SFMNP, and fresh fruit and vegetable projects. The amount of the Northern Marianas' grant is negotiated between the USDA and the Commonwealth. And decisions made with each year's appropriation govern the CSFP, the administrative and distribution cost component of TEFAP, and the amount set aside for the FDIPIR.

The 2002 farm bill made extensive changes to Food Stamp program rules and relatively minor revisions to those for the other programs.⁶ Using its March 2002 "baseline," the Congressional Budget Office (CBO) estimated that the total additional cost of the provisions in the nutrition assistance title of the 2002 farm bill would be about \$3 billion over the six-year life of the bill, representing 5%-6% of total new spending prompted by the bill. However, while there is no direct measure of the real cost of the 2002 bill's nutrition title (as opposed to costs incurred because of other variables like unforeseen participation changes related to economic conditions or increased participation rates), *total* actual costs through FY2005 for the programs covered by the nutrition title—including both "baseline" spending and new spending caused by the farm bill—were 12% higher than projected in 2002. If current CBO estimates for FY2006 and FY2007 are added in and compared to the 2002 estimates for those years, the gap widens to 20%.

Food Stamps⁷

The largest of the nutrition assistance programs is the Food Stamp program. At \$33 billion in FY2006, it represents some 95% of the federal spending for farm bill nutrition assistance programs, is the foundation of federal initiatives to give low-income households the chance to obtain at least a minimally adequate diet, and is a major factor in overall federal policy for the poor.

The purpose (and structure) of the program has evolved over time. It is meant to play a role in three areas of federal public policy. Food stamps originated as a way of providing an outlet for surplus agricultural production, with the notable side benefit of supporting poor families. However, its goals and role in the country's support system for the low-income population have shifted and expanded greatly. To the extent it expands food purchasing power, it continues to support demand for agricultural products.⁸ But it now also is seen as the government's primary response to important concerns about the overall "food security" status of the low-income population, although only an estimated 65% of eligible individuals choose to participate by the most recent count (2005). A 2006 Economic Research Service (ERS) study reports that, in 2005, 11% of U.S. households were "food insecure," and that the prevalence of "very low food security" was 3.9%.⁹ Finally, the Food Stamp program has become an integral part of the overall

⁶ For a detailed discussion of nutrition assistance program changes made and considered in the 2002 farm bill, see archived CRS Report RL33690, *Food Stamps and Nutrition Programs in the 2002 Farm Bill*, by (name redacted).

⁷ Authorized under the Food Stamp Act; 7 U.S.C. 2011 et seq.

⁸ A dollar in food stamp benefits is estimated to result in new food spending of 17-47 cents, depending on household income and type, versus 5-10 cents in the case of a dollar of cash. Although food stamp aid itself must be spent on food, a dollar in food stamps does not lead to a full dollar of additional food spending because cash previously spent on food is freed up and can be used for nonfood expenses that, for the recipient, may be more pressing.

⁹ This second category was denominated as "food insecure with hunger" in reports for earlier years. Households classified as "food insecure" were grouped into two categories. Those classified as having "low food security" (7.1%) (continued...)

“safety net” for the needy. It ranks as the fourth largest needs-tested program, behind Medicaid, the Earned Income Tax Credit, and the Supplemental Security Income program. It is perhaps the largest on-going program providing immediate aid to those affected by natural and other disasters. According to the USDA’s Economic Research Service, when its benefits are added to other income, food stamps are estimated to move almost 10% of recipients out of poverty, and, for a typical low-income recipient family with children, food stamps can provide some 25% of their purchasing power.

Program Operation

The regular Food Stamp program provides inflation-indexed monthly benefits to low-income households that supplement their own spending on food; benefits vary by income, household expenses (like shelter costs), and household size—but generally not by state or region.¹⁰ They are delivered through electronic benefit transfer (EBT) cards that are used like debit cards. Eligibility for food stamps is primarily based on a household’s financial status. Monthly gross income typically must be below 130% of the inflation-indexed federal poverty income guideline for the household’s size (e.g., \$1,107 for a 1-person household and \$1,861 for 3 persons in FY2008), and liquid assets must be under \$2,000 (\$3,000 for those households with elderly and disabled members). However, some households can be “categorically eligible” if they participate in or receive services under another income-tested program like Temporary Assistance for Needy Families (TANF) or the Supplemental Security Income (SSI) program. And certain categories are barred irrespective of their financial need, such as many noncitizens, able-bodied adults without dependents (ABAWDs) not meeting a work test.

Program costs are shared with the states, which administer the program under generally uniform federal rules. The federal government pays the full cost of benefits and about half the cost of administration, operating work or training programs for recipients, and state-directed nutrition education and outreach activities. States, and in some cases localities, pay the remainder (some \$2.7 billion in FY2006).

The level of food stamp spending varies with participation, which is closely linked to economic conditions and eligibility rules, and benefit levels. Benefits are indexed to food-cost inflation and adjusted for recipients’ income, household size, and certain nonfood expenses (like high shelter costs, child care spending); in addition, a basic (unindexed) minimum amount (the “standard deduction,” typically \$134 a month for each household) is disregarded when calculating a household’s ability to contribute to its food needs. The basic theory underpinning food stamp benefits is that they should provide the difference between what a recipient household can afford for food out of its own monthly cash income (assumed to be about 30% of counted income) and the estimated minimal cost of an adequate diet (the monthly cost of the USDA’s “Thrifty Food Plan” for its size). Since the 2002 farm bill, participation has increased substantially, from some 19 million persons per month in FY2002 to 27.2 million (October 2007), and the average monthly

(...continued)

reported multiple indications of food access problems, but typically reported few, if any, indications of reduced food intake. Those classified as having “very low food security” (3.9%) reported multiple indications of reduced food intake and disrupted eating patterns due to inadequate resources for food.

¹⁰ Alaska and Hawaii, along with the Virgin Islands and Guam to a lesser extent, are special exceptions to this general rule.

benefit level has jumped from \$80 a person in FY2002 to \$101 in October 2007.¹¹ Federal costs have grown from \$20.6 billion in FY2002 to an estimated \$33 billion for FY2007.

Finally, the Food Stamp program has a “quality control” system that measures the degree to which eligibility and benefit decisions are erroneously made. The most recent national quality control statistics (for 2005) show historically low error rates: 4.5% of benefits over-issued and 1.3% under-issued.¹² States with persistently high error rates can be assessed financial sanctions; those achieving high performance criteria can receive bonus payments.

Issues and Proposals

The 2002 farm bill reauthorized expiring Food Stamp program authorities and appropriations through FY2007. It greatly expanded eligibility for noncitizens (most notably allowing eligibility for noncitizen children and those who meet a five-year legal residence requirement), raised benefits modestly for larger households (by counting less of their income), and allowed states to provide “transitional” food stamps for families leaving the Temporary Assistance for Needy Families (TANF) program. In addition, the 2002 bill set up a number of state options to ease access to the program and administrative burdens on applicants and recipients and program operators (e.g., allowing states to reduce recipient reporting requirements, simplify benefit calculations, conform some food stamp rules to those used in the TANF and Medicaid programs) and revamped the quality control system to reduce the number of states subject to financial sanctions and grant bonus payments to states demonstrating exemplary administrative performance.¹³ Virtually no program cuts were made.

Even small changes to eligibility or benefit rules in a program as large as food stamps can bring on relatively large budget costs or savings. And, as with the 2002 farm bill, the ability to revise the Food Stamp program depends heavily on budget constraints at the time the farm bill is considered. Major issues that emerged in the House and Senate consideration of the farm bill, and the Administration’s farm bill package, related to eligibility for food stamps (including the treatment of household assets), the use of food stamp benefits, benefit levels, state administration, and program access. Details of congressional action on these issues are covered at the end of this report (and touched on in the following discussion); the food stamp proposals in the Administration’s package are addressed in each of the issue areas covered in the following outline.

¹¹ To put these participation figures into perspective, it should be noted that the all-time high in food stamp participation was reached shortly before enactment of the 1996 welfare reform law—27.5 million persons a month in FY1994. The all-time low for the modern program was in FY2000—17.2 million persons a month.

¹² Information on error rates and fraud (“trafficking” in food stamp benefits) can be found in two recent Government Accountability Office (GAO) reports: *Food Stamp Program: States Have Made Progress Reducing Payment Errors, and Further Challenges Remain* (GAO-05-245; May 2005) and *Food Stamp Trafficking: FNS Could Enhance Program Integrity by Better Targeting Stores Likely to Traffic and Increasing Penalties* (GAO-07-53; October 2006).

¹³ Information on state options can be found in a 2004 GAO report—*Food Stamp Program: Farm Bill Options Ease Administrative Burdens, but Opportunities Exist to Streamline Participant Reporting Rules among Programs* (GAO-04-916; September 2004); available at <http://www.gao.gov/new.items/d04916.pdf>. Coverage of the current status of state options is on the USDA website at http://www.fns.usda.gov/fsp/rules/Memo/Support/State_Options/7-State_Options.pdf. And information about states’ use of their options as to how to count the value of vehicles when determining food stamp eligibility can be found in a report by the Center on Budget and Policy Priorities—*State Vehicle Asset Policies in the Food Stamp Program* (revised November 6, 2006)—available through the Center’s website: <http://www.cbpp.org>.

Eligibility

Both loosening and tightening current rules governing the eligibility of *noncitizens* have been raised as potential changes to food stamp rules. Although no major legislation to further restrict noncitizens' eligibility was introduced, in the 109th Congress, the House of the bill implementing spending reductions to comply with the FY2006 budget reconciliation measure would have further limited eligibility for noncitizens. On the other hand, several bills called for ending existing limits on legally resident noncitizens. The farm bill did not address the issue of noncitizens' eligibility for food stamps.

States may make households participating in their TANF programs *categorically eligible* (automatically eligible) for food stamps, and most states make use of this option. The Administration contends that states have taken advantage of this rule and made those with financial resources above normal food stamp standards eligible, simply by providing some minimal TANF-linked services. And, to protect program integrity, it proposed to limit categorical eligibility to those TANF recipients getting *cash* aid, which presumably is subject to financial tests similar to or more stringent than food stamps. On the other hand, opponents of this view noted that many of the estimated 300,000 persons affected are receiving services (e.g., child care, transportation assistance for work) that help them keep working, that they still must have their benefit calculated under normal food stamp rules and can only qualify for a benefit if they have high living expenses (e.g., shelter costs), that limiting categorical eligibility would impose added administrative burdens on states and applicants, and that, as a side-effect, a number of children would lose eligibility for free school meals.¹⁴ No legislation concerning categorical eligibility was introduced (and the farm bill did not address this issue), but it is important to remember that limiting categorical eligibility is one of very few proposals that put forward that would produce significant cost savings.

Opponents of the current restrictions on participation by *able-bodied adults without children (ABAWDs)*, which bar eligibility after three months unless the individual meets a work-related test, contend that they should either be abolished as too punitive (and administratively complex) or greatly eased. These restrictions were put in place as part of the 1996 welfare reform law, and, in many cases, they can be (and are) waived by states; although the Senate farm bill would have eased them, the enacted law did not.

Finally, the Administration proposed (1) new rules that would disqualify food stamp recipients who exchange food purchased with their benefits for cash or misuse benefits to obtain container deposits and bar from food stamps those who have been disqualified from the Food Distribution Program on Indian Reservations (the FDPIR) and (2) making permanent a rule disregarding combat pay when considering the eligibility of (and benefit amounts for) military households. The enacted farm bill contains similar provisions.

Assets

Current policy excludes most, but not all, retirement savings from consideration as assets when testing for food stamp eligibility. While the 2002 farm bill allowed states to expand the list of excluded retirement savings (e.g., to include Individual Retirement Accounts) under certain

¹⁴ A fuller discussion can be found in a report—*Administration Proposal Would Cut Over 300,000 People Off Food Stamps*—from the Center on Budget and Policy Priorities, available at the Center's website: <http://www.cbpp.org>.

conditions, very few states have. In a similar vein, current food stamp policy disregards savings for education as assets only if a determination is made that they are “inaccessible.” The Administration and others supported disregarding *all* tax-recognized retirement savings or plans and education savings to avoid penalizing those who save for retirement or education but are temporarily in need. The Food Stamp program’s dollar asset limits have not been significantly changed in over 25 years. Program advocates argued that they should be raised (or possibly abolished) to encourage saving and simplify administration. In addition to the Administration’s farm bill package, a number of bills dealing with loosening asset rules have been introduced. The enacted farm bill loosens asset rules along the line discussed above.

Use of Benefits

Food stamp benefits can be used for virtually any food purchase; they cannot be used for alcohol, tobacco, hot prepared food, or dietary supplements. Food choice has been a recurring theme in food stamp policy debates. Critics argue that nutrition-related limits should be placed on the types of food that can be bought with food stamps. On the other hand, others contend that incentives to purchase healthy foods should be built into the Food Stamp program and that support for nutrition education should be increased and expanded to cover a broader range of initiatives. Separately, some have proposed to allow food stamps to be used for dietary supplements, as in the Senate version of the 2002 farm bill. The Senate version of the 2007 farm bill included provisions that opened up the possibility that food stamp benefits could be used to purchase dietary supplements and included provisions for projects to encourage the use of food stamp benefits for healthful foods. The enacted farm bill does not include changes with regard to dietary supplements but does authorize efforts to support the purchase of healthful foods.

Benefit Levels

A major contention of critics of the current structure of the Food Stamp program has been that the value of food stamp benefits has been significantly “eroded” since the 1996 welfare reform law; that is, benefits are significantly smaller than they would have been without the changes made in 1996.¹⁵ Although basic (maximum) food stamp benefits are indexed annually, they point out that rising non-food living costs are heavily affecting recipients’ budgets (limiting their ability to supplement their food stamp benefits as the program expects) and that one of the program’s major methods for taking these costs into account when calculating benefits (a uniform income disregard called the “standard deduction”) has been effectively frozen (at \$134 a month) since 1996. They also note that the 1996 law imposed an across-the-board 3% benefit cut. Program advocates, and a number of bills, aim to address this by increasing and indexing the standard deduction, raising maximum benefits by 3%, or both. Opponents of this type of action are concerned about the substantial costs involved and argue that the Food Stamp program should not be expected to be a general purpose income support program responding to all of the needs of the low-income population. The enacted farm bill addresses this issue with a boost to the standard deduction.

Separately, the Administration and several bills proposed to remove the current dollar limits on the degree to which dependent care expenses are considered when calculating benefits, thus

¹⁵ A fuller discussion can be found in a report—*Families’ Food Stamp Benefits Purchase Less Food Each Year*—from the Center on Budget and Policy Priorities, available at the Center’s website: <http://www.cbpp.org>.

increasing assistance for those with very high dependent care expenses related to work—as does the enacted farm bill.

Finally, as in earlier farm bill debates, there were proposals to increase and index the Food Stamp program's minimum benefit level (\$10 a month for 1- and 2- person households). It has not been changed since originally set in the late 1970s and is seen as so low that it discourages participation, especially among the elderly. However, this relatively costly change would most help those in the program with the highest incomes. The enacted farm bill increases the minimum benefit.

State Administration

States (most notably Florida, Indiana, and Texas) have taken, or are taking, major steps to revamp the way they administer food stamps, Medicaid, and the TANF program.¹⁶ Food stamp law requires that final eligibility and benefit decisions be made by government employees and that contracts for computer-related services with federal matching money be federally approved. However, these state initiatives can involve “privatizing” (contracting out or outsourcing) many “back-office” and other, more important administrative tasks and “modernizing and streamlining” administration through efforts like performing program intake by computer application and establishing “call centers” using private-sector employees, resulting in cost savings from fewer state staff and offices and, it is hoped, better client service. There are few federal standards for these types of initiatives (e.g., with respect to client service, pilot testing, what roles private company employees can play, how extensive displacement of government employees can be). Many of those watching the current initiatives have argued that standards should be set legislatively to give the federal government the ability to more effectively oversee the progress in this area or that limits should be placed on states' ability to delegate administrative responsibilities to non-state employees and entities. They point out that modernization and streamlining steps can potentially leave some vulnerable groups without real access to food stamp help, needlessly complicate the application and benefit process, blur lines of accountability, result in incorrect information for, or treatment of, applicants and recipients, and end many state jobs. However, a number of states are concerned that legislatively set privatization standards/limits will severely restrict innovation in administering food stamps and other public assistance programs and reduce or eliminate cost savings that might result. On the other hand, the Administration has been concerned about widespread benefit overpayments that can occur in a changeover to new administrative systems and would like to hold states (not recipients) responsible in cases of “widespread systemic errors.”

The enacted farm bill includes a number of provisions for oversight of state changes in their systems for administering food stamps but does not have provisions substantially limiting “privatization” initiatives.

The Food Stamp program's quality control system for overseeing state administration also is under some scrutiny. The Administration proposed two important changes: (1) impose financial penalties on states with high rates of error in denying food stamp benefits and (2) end an option for states to “invest” amounts owed as financial penalties for high rates of error in overissuing or underissuing benefits in administrative improvements as an alternative to paying part of their

¹⁶ Florida's project is effectively fully implemented; Indiana is in the process of implementing its initiative; Texas has, for the time-being, put a stop to its project.

fiscal sanction to the federal government. Others would increase bonus payments to states meeting high performance standards. The enacted farm bill includes no changes in the quality control system.

Program Access

The participation rate among food stamp eligibles has increased since 2002 (when a number of changes were put in place to encourage this). However, with the most recently reported rate at 65% (2005), program advocates have argued that further steps need to be taken. In their view, procedural rules governing how applicants and recipients are treated (e.g., reporting requirements), as well as those relating to eligibility for applicants participating in other public assistance programs, could be further loosened to *ease access to food stamp benefits*. For example, added federal administrative cost-sharing for access-oriented state administrative changes (e.g., longer office hours), grants for access-improving efforts, loosened reporting requirements, and changes in application procedures could be legislated. Moreover, advocates have been concerned about any access restrictions that might result from the initiatives to privatize, modernize, or streamline administration noted above.

In addition to issues surrounding applicants' access to food stamps, proposals from the Administration would change rules governing *food retailers' participation* in the Food Stamp program, such as revising rules governing fines imposed on retailers' violating food stamp rules.

The enacted farm bill incorporates a number of provisions dealing with program access issues and retailer participation questions.

Administration Food Stamp Initiatives¹⁷

In early 2007, the USDA advanced a number of recommendations for changes in the Food Stamp program as part of the 2007 farm bill; they were not introduced as a legislative package, and only a few have been adopted in the enacted 2008 farm bill.

- **Eligibility.** The Administration proposed to restrict categorical (automatic) eligibility for food stamps to households who receive *cash* Temporary Assistance for Needy Families (TANF) benefits; those receiving only TANF-funded services would not be automatically eligible (on the premise that cash benefit recipients are subject to stricter eligibility tests). This revision accounted for the bulk of savings attributed to its proposals for nutrition program changes. The Administration was especially concerned that states can, in effect, "game" the categorical eligibility option and make households with financial resources well above normal food stamp limits eligible for food stamps by simply providing minimal services financed with TANF funds. On the other hand, critics pointed out that the services being provided often are key to supporting households' work efforts (e.g., child care), that there would be added administrative costs to carry out full eligibility determinations for those who chose to apply through regular procedures, and that some households losing their categorical food stamp eligibility would, as a result, lose their food-stamp-participation-based automatic

¹⁷ A more extensive discussion of the Administration's proposals is available in CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*, coordinated by (name redacted).

eligibility for free school meals for their children. The Administration also proposed to place into permanent food stamp law a rule disregarding combat-related military pay as income when determining eligibility (and benefits). This has been done through provisions of appropriations laws since the FY2005 Department of Agriculture appropriations act. However, some observers contended that better use of the Defense Department's special family assistance supplemental allowance program for military families might be a better way to deal with these families' needs. Finally, the Administration proposed new rules that would disqualify food stamp recipients who exchange food purchased with their benefits for cash or misuse benefits to obtain container deposits and those who have been barred from the Food Distribution Program on Indian Reservations (FDPIR). Only the combat-related pay, food purchase, and FDPIR proposals were picked up in the enacted farm bill.

- **Assets.** The Administration proposed to disregard all retirement savings and plans and Internal Revenue Service (IRS)-approved postsecondary education savings and plans as assets when judging food stamp eligibility. This proposal accounted for most of the cost of its nutrition program proposals. Its purposes are to reinforce federal policy encouraging savings for these ends and avoid penalizing those in temporary need who have put aside money for retirement or education. However, some critics argued that asset eligibility rules should be loosened even further than recommended by the Administration, for example, by raising or indexing the dollar limit on allowable assets or by standardizing the application of more liberal rules on how to count the value of households' vehicles. The enacted farm bill adopts the Administration's recommendations and raises dollar limits on allowable assets.
- **Benefit Levels.** In order to support recipients' work and education efforts, the Administration recommended removing limits on benefit increases that adjust for households' dependent care expenses—ending restrictions that do not take into account work—and education-related dependent care costs above \$200 a month for each child under age 2 and \$175 a month for all other dependents. However, some critics argued that food stamps should not be viewed as a “child care” program, while others maintained that there is a need to go further in recognizing the effect high non-food living expenses have in eroding the value of food stamps. The enacted farm bill incorporates the Administration's recommendation.
- **State Administration.** The Administration advanced four revisions to rules governing state administration of food stamps. It would assess states a quality control financial penalty if the state has a “negative action” error rate above the national average for two consecutive years; negative action error rates measure the extent to which states improperly deny, suspend, or terminate food stamp applicants and recipients.¹⁸ Secondly, it proposed to eliminate an option permitting states to invest in administrative improvements as an alternative to paying part of any quality control fiscal sanction. In addition, in the case of “widespread systemic errors” (e.g., major computer system failures and flaws) in a state's administration of the program, the Administration proposed to (1) prohibit states from pursuing claims against recipients for over-issued benefits

¹⁸ At present, states are only penalized for high rates of error in overpaying or underpaying benefits.

- and (2) require states to pay the federal government for the cost of over-issuances. Only the Administration recommendations with respect to systemic errors are addressed in the enacted farm bill.
- **Retailers Participation in the Program.** With regard to retailers' participation in the Food Stamp program, the Administration argued that it needs more flexibility to respond to the seriousness of a retailer's violation of program rules and would like, for example, more authority to impose fines in lieu of disqualification for minor violations and new authority to fine retailers in addition to disqualification for major violations. It also advanced a proposal to allow the Department of Agriculture to immediately suspend redemption of retailers' food stamp receipts (where expedited action is warranted) in "certain egregious trafficking cases." These retailer participation recommendations are covered in the enacted farm bill.
 - **Other Proposals.** The Administration's farm bill package would have renamed the Food Stamp program the *Food and Nutrition program*, in recognition of the changes in how food stamp benefits are delivered (i.e., through electronic benefit transfer systems) and the program's role in improving nutrition.¹⁹ It also would have established a pilot project under which states would be allowed to pay (with 50% federal matching) for state support for some work-related expenses incurred by working food stamp recipients. And it proposed to add *specific* language to the law referring to nutrition education as a major component of the Food Stamp program and as an approved activity for federal funding.²⁰ The enacted farm bill renames the Food Stamp program.

Programs in Lieu of Food Stamps

Four programs, three directly authorized in the Food Stamp Act, operate in lieu of food stamp assistance.

- **Puerto Rico** receives an annual block grant indexed for food-price inflation (about \$1.5 billion at present, serving about 1 million persons per month) to operate a nutrition assistance program that works much like the regular Food Stamp program, including delivery of benefits through EBT cards.²¹ The major feature distinguishing Puerto Rico's program from the regular Food Stamp program (other than more restrictive financial eligibility tests and lower maximum benefit levels) is that just 75% of a household's benefit must be used for food purchases, as opposed to 100% in the regular Food Stamp program. Puerto Rico was converted to its nutrition assistance block grant in 1982; as a quid pro quo, it was given total flexibility in how its program is designed.
- Since 1994, **American Samoa** has received an annual nutrition assistance grant (\$6.1 million in FY2006); it has designed a program that serves low-income elderly and disabled persons (some 3,000 persons in FY2005). This grant was

¹⁹ It would also "de-obligate" the few food stamp coupons still in circulation, making them no longer usable (redeemable).

²⁰ Nutrition education activities are already eligible for 50% federal funding as a state administrative expense.

²¹ Authorized under Section 19 of the Food Stamp Act; 7 U.S.C. 2028.

established under the USDA's discretionary authority to extend USDA programs to American Samoa and other territories, but is now funded under the same section of the Food Stamp Act as Puerto Rico's block grant and indexed like Puerto Rico's.

- Since 1982, the Commonwealth of the *Northern Mariana Islands* has been provided an annual grant (negotiated with the USDA, with an estimated \$8.4 million available for FY2006) to operate a food-stamp-like program with 30% of benefits earmarked for locally produced products. This grant is authorized under P.L. 96-597 (a law governing relations with the Commonwealth) and, as such, has not in the past been part of a farm bill.
- **Indian tribal organizations** may choose to operate the Food Distribution Program on Indian Reservations (FDPIR), instead of having the state offer regular food stamp benefits; the full cost of benefits and most administrative expenses are covered by the federal government.²² This option operates on over 250 Indian reservations in 22 states. The program offers nutritionally balanced monthly food packages of USDA-provided commodities to those meeting eligibility rules close to those used for food stamps; households may not get both food stamp and FDPIR benefits. It serves up to 100,000 persons per month at a cost of about \$80 million (some 30% for administrative and distribution costs). The FDPIR distributes both commodities bought specifically for it ("entitlement" commodities) and "bonus" commodities acquired by the USDA for farm support reasons; the monthly value of the food packages averages \$40-\$45 a person.

Issues and Proposals

The 2002 farm bill extended through FY2007 the three programs now authorized under the Food Stamp Act: grants to Puerto Rico and American Samoa and the FDPIR.²³ It also slightly increased and indexed the nutrition assistance grants for Puerto Rico and American Samoa, and specifically authorized American Samoa's grant as part of the Food Stamp Act. Legislative issues related to these programs have been focused on Puerto Rico's nutrition assistance grant and the FDPIR.

Puerto Rico advocates argued that funding for assistance in Puerto Rico lags behind need. Bills in the House and Senate would increase Puerto Rico's nutrition assistance grant (and then index it for both food-cost inflation and population growth), require a study of the feasibility and effects of treating Puerto Rico as a state under the regular Food Stamp program, or both. Opponents are concerned over the costs associated with expansion of the grant and the prospect of having (potentially) over half the Commonwealth's population receiving aid. There were no Administration proposals (other than extending existing law) with regard to Puerto Rico. The enacted farm bill extends Puerto Rico's current indexed grant and directs a study of the effects and feasibility of treating Puerto Rico as a state for food stamp purposes.

Significant questions have been raised over the level of federal support for FDPIR costs for administration and distribution of commodities on Indian reservations and the degree to which funding for the FDPIR limits the types and quality of the foods provided. The Administration

²² Authorized under Section 4(b) of the Food Stamp Act; 7 U.S.C. 2013(b).

²³ No extension was necessary for the Northern Marianas grant because it operates under a separate permanent authorization.

proposed a slight increase in the amount provided for FDPIR administrative and distribution costs in order to speed implementation of a new formula for allocating federal aid that is more directly tied to participation while easing the negative effects for tribal organizations that would lose money under the new allocation method. Others have called for a major increase in funding for FDPIR administrative and distribution expenses. In addition, some consideration is being given to boosting support for federal spending on the commodities provided through the FDPIR, and program advocates would like to see a thorough review of the adequacy and quality of FDPIR food packages and attention given to purchase of tribally produced foods. The enacted farm bill incorporates minor changes with regard to the FDPIR and calls for a review of the FDPIR food package.

The Emergency Food Assistance Program (TEFAP)²⁴

TEFAP was begun in 1981-1982 as a temporary expedient designed, at least initially, to dispose of huge stocks of government-held food commodities. It also occurred in the aftermath of noticeable reductions in the coverage of and benefits provided by food assistance programs like food stamps and school meal programs legislated in 1981-1982, and in the midst of an economic recession and concern over “hunger” and homelessness among the needy. In 1983, the Emergency Food Assistance Act gave the program official status and authorized funding for administrative and distribution costs.

In the early years (through FY1988), the only significant federal expenditures involved were appropriations for administrative and distribution costs. The commodities were so-called “bonus” commodities, those acquired for farm-support reasons and held in excess of what was needed to fulfill other federal commitments (e.g., to school meal programs). The establishment of TEFAP helped reduce federal commodity stocks (and storage costs associated with them), provided an alternative source of food assistance for the needy, and was instrumental in supporting and expanding a network of emergency food aid providers that also drew food and other resources from many non-governmental sources.

In 1988, after the Administration indicated plans to phase out the program because of the lack of bonus commodity inventories, Congress began the practice of mandating funding for TEFAP commodities, thereby creating a minimum “entitlement” to a certain level of commodity assistance. This entitlement component was enshrined in permanent law by the 1996 welfare reform act (P.L. 104-193), which guaranteed the program \$100 million a year. Additional bonus commodities continued to be made available—differing each year according to USDA acquisitions. This guarantee was increased to \$140 million a year in the 2002 farm bill.

Under TEFAP, the federal government provides food commodities to states. This assistance supplements other sources of food aid for needy persons and often is provided in concert with food bank and homeless shelter projects, either as food packages or meals. Eligibility decisions for TEFAP assistance are made by states, and they choose local administering agencies. National emergency provider and food bank networks (like America’s Second Harvest) also are heavily involved.

²⁴ Authorized under (1) Section 27 of the Food Stamp Act (7 U.S.C. 2036) and (2) the Emergency Food Assistance Act (7 U.S.C. 7501-7516).

In addition to state allocations of the \$140 million in entitlement commodities, each state receives a share of the \$50 million a year appropriated as discretionary money to fund expenses associated with administration and distribution (storage, transportation) of the commodities, and states may divert some of the \$140 million to administration and distribution costs.²⁵ Moreover, state entitlements to TEFAP commodities are supplemented with *bonus commodities* (about \$150 million in FY2005) that the USDA has acquired in its agriculture support programs.

Issues and Proposals

The 2002 farm bill extended TEFAP authorities through FY2007 and increased the level of entitlement commodities from \$100 million to \$140 million a year. Since the 2002 farm bill, bonus commodity donations from USDA stocks to TEFAP have dropped dramatically—from over \$240 million in FY2003 to about \$150 million in FY2005, with estimates of less than \$100 million for FY2006 and perhaps FY2007 and FY2008. Because USDA commodities provide an important underpinning to emergency food assistance providers' activities and they have come to rely on them, there are several proposals for the 2007 farm bill to substantially increase the level of entitlement commodity assistance above the current \$140 million a year. The enacted farm bill greatly boosts the guaranteed level of TEFAP commodities.

Commodity Supplemental Food Program (CSFP)²⁶

The CSFP was originally established in the late 1960s, under the authority of a series of appropriations laws, to provide aid to low-income women (pregnant and postpartum), infants, and children, who at that time had no other food assistance program to turn to for aid specific to their needs. Since then, the WIC program has largely taken over this role. However, the CSFP continues to operate and now serves mostly elderly low-income individuals who either need extra help beyond food stamp benefits or are reluctant to apply for food stamps. Projects supported by the CSFP typically provide a range of other services to their communities.

The CSFP provides supplemental foods to low-income elderly persons and low-income pregnant, postpartum, and breastfeeding women, infants, and children through over 140 projects in 32 states, the District of Columbia, and on two Indian reservations. For elderly participants, eligibility is limited to those with income below 130% of the federal poverty income guidelines (e.g., about \$13,000 a year for 1 person); for households composed of women, infants, and children, the income ceiling is higher (185% of the poverty guidelines). The foods are purchased by the USDA and distributed to grantees, and food packages received and distributed by CSFP projects are designed with the specific nutritional needs of the elderly and women, infants, and children in mind. CSFP grantees also receive significant funding for administrative costs. The program is a discretionary program depending on annual appropriations decisions, and commodities and administrative funding generally are apportioned by the number of persons served in the prior year; if new money is appropriated or allocated “slots” are not used, new projects can be added. The commodities provided by the USDA are of two types: (1) “entitlement” commodities bought with annually appropriated funds and included in the food packages and (2) “bonus” commodities donated from USDA stocks and provided in addition to, or as part of, food packages.

²⁵ Typically \$10-\$20 million a year.

²⁶ Authorized under Sections 4 and 5 of the Agriculture and Consumer Protection Act of 1973; 7 U.S.C. 612c note.

In FY2005, the CSFP served some 500,000 persons a month, 90% of whom were elderly. Some \$82 million in entitlement commodities and \$38 million worth of bonus commodities were distributed; food packages were valued at between \$18 and \$21 per person per month. Administrative cost support was \$29 million.

Issues and Proposals

The 2002 farm bill extended the authorization for the CSFP through FY2007 and increased the proportion of appropriations earmarked for administrative costs. In recent appropriations requests, the Administration has proposed terminating the CSFP, as duplicative of other programs (the WIC program and food stamps). However, neither House nor Senate Agriculture appropriations measures have adopted this position.²⁷ CSFP advocates have, for a number of years, called for a change in rules that would boost the income eligibility limit for the elderly from 130% of the federal poverty guidelines to 185% (the same as that applied to households with women, infants, and children). The enacted farm bill makes no significant changes to the CSFP.

Community Food Projects

In the 1996 farm bill, Congress established, as Section 25 of the Food Stamp Act (7 U.S.C. 2034), a program of assistance for community food projects, intended to promote innovative local self-help initiatives to meet nutrition and farm needs.

Community food projects are funded at a total of \$5 million a year—a sum set aside from each year's Food Stamp Act appropriation. The program consists of competitive grants administered through the USDA's Cooperative State Research, Education, and Extension Service (CSREES), and requiring a 50% match.

Project grants provide one-time infusions of federal dollars for local projects designed to increase the food self-reliance of communities; promote comprehensive responses to local food, farm, and nutrition issues; develop innovative linkages among the public, for-profit, and nonprofit food sectors; encourage long-term planning and multi-agency approaches; or improve the availability of locally or regionally produced foods to low-income people. In addition, one special grant is mandated—to a non-governmental entity that coordinates and disseminates recommendations garnered from the various local projects.

Issues and Proposals

With little debate, the 2002 farm bill extended funding for community food projects through FY2007. Several measures before the 110th Congress would substantially increase funding for Community Food Projects, raise the federal share of projects' costs, expand the projects' scope, and raise the time limit on project grants. The enacted farm bill makes no major changes affecting community food projects.

²⁷ For FY2008, the Agriculture Department appropriations law actually includes a significant increase in CSFP appropriations.

Farmers' Market Nutrition Programs

Two farmer's market nutrition programs receive federal funding. The nutrition title of the 2002 farm bill provided statutory authority and mandatory funding (at \$15 million a year through FY2007) for a new *Senior Farmers' Market Nutrition program (SFMNP)*, under which low-income seniors receive vouchers that they may redeem at farmers' markets and roadside stands for fresh produce. The SFMNP was set up to give low-income elderly the same help that women, infants, and children (WIC recipients) receive through WIC farmers' market vouchers. Separately, the *WIC farmers' market nutrition program* (authorized in child nutrition law and typically not part of the farm bill) provides vouchers for WIC recipients, with the level of support set by annual appropriations (typically about \$20 million a year).

Issues and Proposals

Several legislative proposals would increase mandatory funding for the SFMNP and, for its WIC counterpart, increase funding and make it mandatory. The Administration proposed to (1) require that the value of SFMNP vouchers be disregarded in judging eligibility and benefits for federal and state means-tested aid and (2) prohibit states from participating in the SFMNP if state or local sales taxes are charged on the food purchased with SFMNP vouchers (as is already the case for the WIC farmers' market nutrition program). The enacted farm bill increases mandatory funding for the SFMNP and accepts the Administration's recommendations.

Finally, food stamp benefits can be used in approved farmers' markets, and several proposals for grants to help increase the number of participating farmers' markets (through technical assistance, infrastructure improvement, and training) have been advanced. These are primarily aimed at facilitating and expanding the use of food stamp electronic benefit transfer (EBT) cards at farmers' markets. The enacted farm bill includes funding for expansion of the use of food stamp electronic benefit transfer cards in farmers' markets.

Fruits and Vegetables

The nutrition title of the 2002 farm bill addressed, for the first time, the availability of fresh fruits and vegetables in schools—because of growing concerns over childhood obesity and the quality and types of foods offered through school meal programs. It established a pilot project under which a small number of elementary and secondary schools in a limited number of states and Indian reservations receive funding to offer free fresh fruit and vegetables to students.²⁸ The project was expanded, given mandatory annual funding, made permanent through the 2004 child nutrition reauthorization law (P.L. 108-265), and further expanded and given added money in P.L. 109-97. In FY2006-FY2007, about 400 schools in 14 states and 3 Indian reservations received support for this project, supported by funding totaling \$15 million; this funding was used for activities covering both FY2006 and FY2007.

Separate from its nutrition title, the 2002 farm bill (in Section 10603) required that a minimum of \$200 million a year in Section 32 funds be used to purchase "specialty crops" (like fruits and vegetables) and that \$50 million a year of this amount be used for fresh fruit and vegetables

²⁸ In Section 4402 of the 2002 farm bill.

acquired for school meal programs through the Defense Department procurement system, known as the DOD Fresh program.

Issues and Proposals ²⁹

Given concerns over obesity and the quality of government-provided commodities and school meals, there have been many initiatives relating to fruits and vegetables. The fresh fruit and vegetable program set up by the 2002 farm bill has proved popular; for example, both the House and Senate appropriations bills for FY2007 included an expansion in funding and the number of states covered. And the Administration's farm bill package, as well as several bills before Congress, would greatly expand the federal commitment to making more fruits and vegetables available through federally supported nutrition programs.

A number of bills would boost funding for the fresh fruit and vegetable program so that it could operate in all states (although not all schools). Some of the same bills would up the minimum required spending on fruits and vegetables (from Section 32 funds) to at least \$400 million a year and increase the set-aside for the DOD Fresh program; most of these purchases would go to schools. The Administration proposed to provide new money, \$50 million a year, for the purchase of fruits and vegetables specifically for the School Lunch program (above acquisitions under any other authority). It also supported increasing purchases of fruits and vegetables using Section 32 money by an escalating amount starting at \$200 million a year and totaling \$2.75 billion over 10 years.

Other initiatives include new funding for a fruit and vegetable promotion program, pilot projects offering financial incentives for food stamp recipients to purchase fruits and vegetables, grants to facilitate the procurement and transportation of highly perishable healthy foods for low-income persons, a proposal to require the Agriculture Department to establish its own program for acquiring fruits and vegetables for schools and allowing schools to divert a significant portion of their federal commodity "allowance" to purchase fruits and vegetables through the Department's program, and grants to community-based organizations and other local agencies to promote greater consumption of fresh fruits, vegetables, and other healthy foods in low-income communities.

The enacted 2008 farm bill incorporates a very substantial increase in funding for the program of free fresh fruits and vegetables in schools, so that it can operate nationally (although not in all schools). In addition, the FY2008 Agriculture Department Appropriations measure includes a small (\$10 million) increase in funding for this program.

Other Domestic Food Assistance Issues and Proposals

A number of proposals outside the scope of traditional farm bills also are before Congress, and many have been addressed in the 2008 farm bill (discussed later). In addition, one bill relating to nutrition support has been enacted (P.L. 110-19); this law makes clear that nutrition programs for

²⁹ A more extensive discussion of the Administration's proposals for fruit and vegetable purchase policies is available in CRS Report RL33916, *The USDA 2007 Farm Bill Proposal: Possible Questions*, coordinated by (name redacted).

the elderly operated under the authority of the *Older Americans Act* (home-delivered meals and congregate meal projects) may use their Older Americans Act funding to obtain food commodities for meals they serve through the Department of Agriculture.

The Administration has proposed a *pilot obesity initiative* that calls for competitive grants (\$20 million a year over five years) to develop and test ways of addressing obesity in the low-income population, with evaluations of the results. According to the Department of Agriculture, ideas that might be tested include point-of-sale incentives for the purchase of fruits and vegetables by food stamp recipients, grants to connect food stamp shoppers with farmers' markets, and integrated communication and education programs to promote healthy diets and physical activity. Moreover, several bills call for similar projects. The 2008 farm bill (discussed later) includes provisions addressing projects similar to those proposed by the Administration.

Several bills, and the 2008 farm bill (discussed later) would encourage the purchase of locally produced foods by the Agriculture Department, the Defense Department, and nutrition program providers (e.g., schools). They would effectively override current rules that limit the extent to which the Departments, schools, and other providers can specify a *geographic* (e.g. *local preference*) when procuring food for donation or meals. Others would provide grants to support the work of food banks and similar nonprofit emergency feeding organizations related to obtaining, handling, storing, and distributing locally produced food.

A number of proposals include authorization for grants to community-based organizations for activities bolstering *food security* in their communities, as well as grants to national and regional groups to provide training and technical assistance. The 2008 farm bill (discussed later) contains similar authority.

Child nutrition program initiatives include the following:

- providing mandatory funding for a currently authorized pilot project for raising the income limit for *free school meals* to 185% of the federal poverty income guidelines;
- authorizing a *school breakfast program* in which all meals are served free, without regard to family income, in place of the current breakfast program;
- authorizing *start-up grants* for school breakfast programs;
- expanding the provision of federal child nutrition subsidies for dinners served in *after-school programs* to additional states.
- making simplified *summer food service program* rules nationally applicable.³⁰
- changing "*competitive foods*" requirements by (1) mandating that the current limited definition of "foods of minimal nutritional value" be revised and expanded and (2) using this new definition to effectively bar selling these foods (sold in "competition" with school meal programs) on school campuses at any time during the school day; and

³⁰ These rules are intended to encourage expansion of the summer program by freeing program sponsors from a requirement that they provide detailed documentation of their expenses.

- establishing and funding a competitive grant program for schools to create *healthy school nutrition environments* and assessing the effect of these environments on the health and well-being of their students.
- expanding the *summer food service program* by increasing the number of areas in which free summer meals may be offered and providing start-up grants for new summer program sponsors.
- making nationally applicable rules (now used in a pilot project in Pennsylvania) that ease participation by *summer program sponsors in rural areas*.

Of the above-noted child nutrition proposals, only the initiatives making *simplified summer food service rules* nationally applicable and expanding subsidies for *dinner in after-school programs* to additional states have been acted on; the Agriculture Department's FY2008 appropriation (included in the FY2008 Consolidated Appropriations Act; P.L. 110-161) amends the Richard B. Russell National School Lunch Act to carry out these proposals.

Finally, a new issue arose during the farm bill debate in 2008, but has not yet been addressed in proposed or enacted legislation. Food assistance program benefits, whether they be meal subsidies for child nutrition programs or food stamp benefits, are indexed annually for food price inflation. However, with food prices rising rapidly, some argue that the existing annual indexing rule does not keep pace with the costs that schools and food stamp recipients face. This has led to calls for changes in food assistance program inflation indexing rules to more quickly reflect food price changes (although no legislation has yet been introduced).

Proposed Legislation

As discussed earlier, the Administration announced its nutrition program (and other) proposals for the farm bill early in 2007 and included a few of them in its FY2008 appropriations request for food stamps. These were not formally introduced in legislative form; however as noted below, several bills include food stamp amendments close to some of the Administration's proposals. In addition, the House and Senate farm bills and the enacted farm bill (discussed later) include a few of its recommendations.

To date, the federal nutrition-assistance-related bills listed below have been introduced.

[Note: Provisions in the following bills that are addressed (although not necessarily in the same way) in either the House, Senate, or enacted versions of the farm bill are italicized.]

H.R. 45, Healthy Foods for Healthy Living Act

Authorizes grants to community-based organizations and other local agencies to promote greater consumption of fresh fruits, vegetables, and other healthy foods in low-income communities. Also covers services related to obesity prevention and treatment under Medicare and Medicaid.

H.R. 206, Anti-Hunger Empowerment Act of 2007

Raises federal cost sharing for state administrative expenses related to new activities increasing access to food stamps, requires reports on steps to improve access, and authorizes a pilot project providing "Beyond the Soup Kitchen" *grants to community-based groups for activities bolstering*

food security and technical assistance grants to community-based nonprofit feeding and anti-hunger groups.

H.R. 208

Expands the existing free fresh fruit and vegetable program in schools to include schools in New York state and selected Head Start programs in participating states.

H.R. 1344

- Increases and indexes required administrative funding for the Food Distribution Program on Indian Reservations (FDPIR).
- Requires and funds periodic surveys of the types of foods purchased by schools with federal cash assistance for school meals.
- Provides mandatory funding for a currently authorized pilot project for raising the income limit for free school meals to 185% of the federal poverty income guidelines.

H.R. 1551 and S. 919, Healthy Farms, Fuels, and Foods Act of 2007

Title III—Healthy Food Choices

- Raises the dollar amount for Community Food Projects, increases federal matching, and expands the purposes of project grants.
- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state and increase required funding to \$300 million a year.*
- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Provides mandatory funding for the WIC Farmers' Market Nutrition program.
- *Increases mandatory funding for the Senior Farmers' Market Nutrition program.*
- Provides mandatory funding for the farmers' market promotion program—with money set aside to *support the use of food stamp electronic benefit transfer systems in farmers' markets*).
- *Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*
- Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations.
- Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and *raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh Program.*

- Defines “nutrition education” for purposes of funding under the Food Stamp Act (more broadly than under current rules) and *makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.*
- *Authorizes a pilot project under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.*

H.R. 1600, EAT Healthy America Act

Title V—Nutrition

- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state and increases required funding to \$300 million a year.*
- Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations.
- Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.
- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and *raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh program.*
- Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.
- Requires an independent evaluation of the Agriculture Department’s commodity purchasing processes, especially with regard to purchases of perishable specialty crops.
- Defines “nutrition education” for purposes of funding under the Food Stamp Act (more broadly than under current rules) and *makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.*
- Includes a sense of Congress provision stating that food stamp benefits should not be available to purchase nutrition supplements or anything other than food.
- *Authorizes a pilot project under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.*
- Requires decennial evaluations of WIC program food packages in light of the most recent Dietary Guidelines for Americans.
- Provides mandatory funding for the WIC Farmers’ Market Nutrition program.
- *Increases mandatory funding for the Senior Farmers’ Market Nutrition program.*

H.R. 2129, Feeding America’s Families Act of 2007

Food Stamps

- Increases food stamp benefits for all eligible households over time by (1) raising basic (maximum) food stamp benefits to 103% of the inflation-adjusted cost of the Agriculture Department’s “Thrifty Food Plan” (currently, benefits are set at 100% of the inflation-adjusted cost of this plan) and (2) *increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).*
- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).*
- *Increases the food stamp minimum monthly benefit.*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).*
- *Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.*
- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.
- Requires states to “opt in” to rules limiting food stamp participation by convicted felons (as opposed to current provisions barring their receipt of food stamps unless a state “opts out”).
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*
- *Limits state food stamp agencies’ ability to establish requirements as to how and when households receive their food stamp benefits.*
- *Limits state food stamp agencies’ ability to delegate administrative responsibilities to non-state employees or entities and specifies the Agriculture Department’s authority to limit contracting out these responsibilities.*
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program.

- Provides new funding for state agency initiatives to improve program access, efficiency, or integrity and requires funding for research or demonstration projects (primarily for studying ways to increase program access, reduce state agency and household administrative burdens, and improve program integrity).
- Increases required bonus payments to states achieving exemplary administrative performance.
- Increases federal matching payments for states' food stamp administrative costs in cases of natural disasters.
- *Provides mandatory funding for grants to expand the number of farmers' markets that accept food stamp benefits in the form of EBT cards (e.g., providing equipment and training).*

Other Provisions

- *Indexes the \$5 million a year provided for Community Food Projects funded under the Food Stamp Act.*
- *Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008—indexed in future years.*
- *Provides for funding of grants to support the work of food banks and similar nonprofit emergency feeding organizations in reducing hunger or food insecurity in their communities through improved infrastructure and obtaining, handling, storing, and distributing locally produced food.*
- Provides funding to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.
- *Provides for funding of matching grants to organizations (like public food service providers, nonprofit organizations, and emergency feeding organizations) demonstrating that they have collaborated (or will collaborate) with local partner organizations in order to reduce hunger in communities that are underserved by existing programs or have high rates of food insecurity, hunger, poverty, or unemployment.*
- *Revamps provisions governing the Bill Emerson and Mickey Leland Hunger Fellowship program, particularly by providing mandatory funding.*

H.R. 2144, Farm, Nutrition, and Community Investment Act of 2007

Title IV—Healthy Diets

- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state and increase required funding to \$300 million a year.*
- *Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh program.*
- Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these

- commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.
- Requires an independent evaluation of the Agriculture Department’s commodity purchasing processes, especially with regard to purchases of perishable specialty crops.
 - *Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*
 - Specifies an appropriations authorization of \$20 million a year for grants to encourage schools’ access to locally produced food (e.g., “farm-to-cafeteria” projects).
 - Provides mandatory funding for the WIC Farmers’ Market Nutrition program.
 - *Increases mandatory funding for the Senior Farmers’ Market Nutrition program.*
 - Provides mandatory funding for pilot program to expand disabled individuals’ access to farmers’ markets.
 - Provides mandatory funding for the farmers’ market promotion program, with money set aside to *support the use of food stamp electronic benefit transfer systems in farmers’ markets.*

Title VI—Food Stamp Program and Other Nutrition Programs

- Bars any reductions in basic (maximum) food stamp benefit levels.
- *Increases food stamp benefits for eligible households over time by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).*
- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets and (2) requiring the disregard of all retirement savings (as in the Administration’s proposal).*
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*

- *Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.*
- *Increases the food stamp minimum monthly benefit.*
- *Limits states' ability to add eligibility requirements for food stamps (like biometric identification requirements).*
- *Limits states' ability to deny food stamp applications based on lack of verification.*
- *Substantially limits states' ability to delegate administrative responsibilities to non-state employees or entities.*
- *Makes all legally resident noncitizens eligible for food stamps (if they meet other eligibility requirements).*
- *Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008—indexed in future years.*
- *Raises the required amount for Community Food Projects, increases federal matching, and expands the purposes of project grants.*

H.R. 2364, Local Food and Farm Support Act

- *Provides mandatory funding for the WIC Farmers' Market Nutrition program.*
- *Increases mandatory funding for the Senior Farmers' Market Nutrition program.*
- *Raises the required amount for Community Food Projects, increases federal matching, and expands the purposes of project grants.*
- *Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).*
- *Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*
- *Requires a study of school preferences as to the commodities supplied to them by the Agriculture Department, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.*
- *Establishes a demonstration project within the Food Stamp program under which recipients would receive financial incentives for increased purchases of fruits and vegetables.*
- *Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.*

H.R. 2392, Family and Workplace Balancing Act of 2007

- In place of the current School Breakfast program, authorizes a school breakfast program in which free breakfasts are served to all children (without regard to family income).
- Requires the Department of Agriculture to establish a competitive grant program for local educational agencies to create healthy school nutrition environments and assess the effect of these environments on the health and well-being of their students. Provides mandatory funding of \$10 million, rising to \$35 million a year.
- Allows regulations that govern the service of any food in schools participating in federally subsidized school meal programs in competition with regular meal services. These regulations would apply to all school grounds during the school day, would not supersede state and local rules on competitive foods that conform to the nutritional goals of the regulations, require that all proceeds from any sale of competitive foods be used for the benefit of schools or student organizations, take into account differing needs of elementary, middle, and high schools, and implement required recommendations from the National Academy of Sciences' Institute of Medicine.
- Expands the provision of federal child nutrition subsidies for dinners served in after-school programs to all states.

H.R. 2401, Nutrition and Opportunities for the Underserved and Rural Incentives to Secure the Heartland (NOURISH) Act of 2007

Title VI—Healthy Food Choices

- *Raises the required amount for Community Food Projects, increases federal matching, and expands the purposes of project grants.*
- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state, increases required funding to \$300 million a year.*
- *Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).*
- *Provides mandatory funding for the WIC Farmers' Market Nutrition program.*
- *Increases mandatory funding for the Senior Farmers' Market Nutrition program.*
- *Provides mandatory funding for the farmers' market promotion program, with money set aside to support the use of food stamp electronic benefit transfer systems in farmers' markets.*
- *Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*
- *Establishes a fruit and vegetable promotion program of matching grant assistance to trade organizations.*
- *Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.*

- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and *raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh program.*
- *Makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.*

Title IX—Nutrition

- *Renames the Food Stamp program as the Secure Nutrition Access program.*
- *Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).*
- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).*
- *Increases, in steps, the food stamp minimum monthly benefit.*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) increasing, and then indexing, the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).*
- *Substantially loosens the provisions of law limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.*
- *Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.*
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*
- *Allows state agencies the option to allow “telephonic signatures” (recorded verbal consent) in applying for food stamps.*
- *Limits state food stamp agencies’ ability to establish requirements as to how and when households receive their food stamp benefits.*

- *Limits state food stamp agencies' ability to delegate administrative responsibilities to non-state employees or entities and specifies the Agriculture Department's authority to limit contracting out these responsibilities.*
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program.
- Requires funding for research or demonstration projects (primarily for studying ways to increase program access, reduce state agency and household administrative burdens, and improve program integrity).
- Increases required bonus payments to states achieving exemplary administrative performance.
- Increases federal match payments for states' food stamp administrative costs in cases of natural disasters.
- Increases Puerto Rico's nutrition assistance grant and then indexes it for both food costs and population growth; *requires a study of the feasibility and effects of treating Puerto Rico as a state under the Food Stamp program.*
- *Provides mandatory funding for grants to expand the number of farmers' markets that accept food stamp benefits in the form of EBT cards (e.g., providing equipment and training).*
- *Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008, indexed in future years.*

H.R. 2419, Farm, Nutrition, and Bioenergy Act of 2007

As approved by the House on July 27, 2007, includes substantial amendments affecting nutrition programs (Title IV). Senate version (the Food and Energy Security Act of 2007) was approved on December 14, 2007. See the discussion of *Congressional Action* at the end of this report.

H.R. 2667, Disabled Farmers' Market Nutrition Pilot Program of 2007

Provides mandatory funding for pilot program to expand disabled individuals' access to farmers' markets.

H.R. 2720, Food and Agriculture Risk Management for the 21st Century Act of 2007 (FARM21 Act of 2007)

Title IIB—Healthy Foods

- *Substantially increases funding for the program providing free fresh fruits and vegetables in schools and expands coverage of the program to all states.*
- Specifies annual appropriations authorizations for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- Provides mandatory funding for the farmers' market promotion program, with money set aside to *support the use of food stamp electronic benefit transfer systems in farmers' markets.*

- Establishes (and provides mandatory funding for) a fruit and vegetable promotion program of matching grant assistance to trade organizations.

Title IIF—Nutrition

- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).*
- *Increases food stamp benefits for eligible households by increasing and inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).*
- *Increases the food stamp minimum monthly benefit.*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by requiring the disregard of all retirement savings (as in the Administration's proposal).*
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*
- Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program.
- Provides limited new funding for state initiatives to improve Food Stamp program access, efficiency, and integrity.
- Increases federal matching payments for states' food stamp administrative costs in cases of natural disasters.
- *Increases funding for Community Food Projects.*
- *Provides funding for grants to expand the use of food stamp benefits through farmers' markets.*
- *Substantially increases mandatory funding for TEFAP commodities.*
- *Authorizes funding for a competitive grant program for emergency feeding organizations—to make infrastructure improvements and assist them in obtaining locally produced food.*
- Authorizes funding to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.

H.R. 3030, Summer Food Service Improvement Act of 2007

- Makes simplified summer food service program rules nationally applicable (see S. 790/H.R. 1740).

- Expands the summer food service program by increasing the number of areas in which free summer meals may be offered.
- Provides funding for start-up grants for new summer program sponsors.

H.R. 4000

Allows food stamp eligibility for citizens of the Freely Associated States of Micronesia, the Marshall Islands, and Palau who are resident in the United States.

S. 100, Healthy Students Act of 2007³¹

- Requires development of new nutritional standards for child nutrition programs and provides added funding to cover compliance with these standards in the Summer Food Service program.
- Authorizes a pilot project of grants to schools and nonprofit organizations to promote healthy nutrition alternatives through provision of organic foods, promotion of “healthy food education,” operation of “farm-to-cafeteria” projects, and provision of professional development for teachers.

S. 541, Rural Opportunities Act of 2007

Overrides current rules that limit the extent to which schools and farm-to-school programs can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.

S. 591, Food Stamp Personal Savings and Investment Act of 2007

Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration’s proposal), and (3) requiring the disregard of savings for education (as in the Administration’s proposal).

S. 770, Food Stamp Vitamin and Mineral Improvement Act of 2007

Allows food stamp benefits to be used to purchase nutritional supplements.

S. 771/ H.R. 1363, Child Nutrition Promotion and School Lunch Protection Act of 2007

- Requires new regulations revising and expanding the definition of “food of minimal nutritional value” to be applied in schools participating in federally subsidized school meal programs.
- The new definition would effectively bar selling these foods outside school meal programs on school campuses at any time during the school day.
- The revised definition would take into account (1) the contributions of nutrients, ingredients, and foods to children’s diets, (2) evidence concerning the

³¹ This bill also includes related provisions that are outside the typical purview of child nutrition laws. They authorize a pilot program of grants to schools to increase the length of school days for physical activity and other initiatives.

relationship between consumption of specific nutrients, ingredients, and foods in preventing and promoting the development of overweight, obesity, and chronic illnesses, (3) recommendations made by scientific organizations, and (4) special exemptions for school-sponsored fundraisers.

S. 790/H.R. 1740

Makes simplified summer food service program rules nationally applicable. These rules are intended to encourage expansion of the summer program by freeing summer program sponsors from a requirement that they provide detailed documentation of their expenses.

S. 1031, School Food Fresh Act of 2007

- Requires the establishment of a multi-agency USDA task force to evaluate, monitor, and provide coordination and direction for the Department's programs acquiring and distributing commodities to recipient agencies like schools, Indian reservations, and emergency feeding organizations. The task force is to review and make recommendations as to the specifications used for procuring commodities, their effective distribution, the best use of federal funds, and updates of the Dietary Guidelines for Americans.
- Authorizes competitive grants for evaluating commodity specifications.
- In place of the current set-aside of \$50 million a year in funding for the DOD Fresh program for purchasing fresh fruits and vegetables for schools, effectively requires the Department of Agriculture to establish its own program for acquiring fruits and vegetables for schools (funded at the same level) and allows schools to divert up to 30% of their commodity "allowance" to purchase fruits and vegetables through the Department's program.
- Requires the Department of Agriculture to purchase commodities for distribution to schools and other outlets that are in the "least-processed state."

S. 1090, Senior Nutrition Act of 2007

Increases the income eligibility limit for elderly persons in the Commodity Supplemental Food Program (CSFP) from 130% to 185% of the federal poverty income guidelines.

S. 1160, Specialty Crop Competition Act of 2007

Title VI—Nutrition

- Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to the amount spent in FY2001 plus \$200 million a year and *raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh program.*
- *Expands the free fresh fruit and vegetable program to all states and an additional 12 Indian reservations and increases mandatory funding.*
- Defines "nutrition education" for purposes of funding under the Food Stamp Act (more broadly than under current rules) and *makes specific in food stamp law that nutrition education expenses are eligible for federal matching funding.*

- *Authorizes a pilot project under which food stamp recipients would receive financial incentives for the purchase of fresh fruit and vegetables.*
- *Requires the Agriculture, Health and Human Services, and Education Departments to coordinate in establishing a Nutritional Education Program Review Committee. The Committee would submit a report describing methods of (1) evaluating the effectiveness of federal efforts to inform schools and other interested parties about federally-funded nutrition education programs, (2) improving these programs, and (3) making federal nutrition education funds more widely available.*
- *Includes a sense of the Senate provision stating that the Agriculture Department has an important role in educating families about nutrition and healthy lifestyles and that all federal nutrition programs should follow the latest nutritional science and be sensitive to the diverse cultures of the people they serve.*

S. 1172, Hunger-Free Communities Act of 2007³²

- *Requires a study (with periodic updates) of matters relating to the problem of hunger in the United States and recommendations for removing obstacles to achieving a substantial reduction in domestic hunger. Domestic hunger goals are set at (1) a reduction of hunger to at or below 2% by 2010 and (2) a reduction in food insecurity to at or below 6% by 2010.*
- *Authorizes a program of matching grants to organizations (like public food service program providers, nonprofit organizations, and emergency feeding organizations) demonstrating that they have collaborated (or will collaborate) with local partner organizations in order to assess and reduce hunger in communities that are underserved by existing programs or have high rates of food insecurity, hunger, poverty, or unemployment.*
- *Authorizes a program of matching grants to emergency feeding organizations to support their infrastructure expansion activities and obtaining locally produced foods and wild game.*
- *Authorizes a program of matching grants to national or regional nonprofit organizations to provide training and technical assistance to help achieve domestic hunger reduction goals.*
- *Appropriations are authorized at \$50 million a year.*

S. 1422/H.R. 2720, Farm Risk Management Act for the 21st Century

Title IV—Nutrition Programs

- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).*

³² A similar measure was approved by the Senate on December 8, 2006.

- *Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) requiring the disregard of all retirement savings (as in the Administration’s proposal) and (2) requiring the disregard of savings for education (as in the Administration’s proposal).*
- *Increases federal matching payments for states’ food stamp administrative costs in cases of natural disasters—from the normal 50% to 90%.*
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*
- *Increases, in steps, the food stamp minimum monthly benefit.*
- *Increases required funding for grants to improve access to the Food Stamp program and simplify application for the program from \$5 million to \$15 million a year (indexed).*
- *Provides funding (up to \$10 million a year in increased federal administrative matching money) for state initiatives to improve program access, efficiency, or integrity.*
- *Provides funding for projects to expand the number of farmers’ markets that accept food stamps (through equipment, training, and technical assistance).*
- *Increases, in steps, funding for commodities provided by TEFAP—to \$245 million in FY2011—and indexes the amount for later years.*
- *Authorizes a program of competitive grants to emergency feeding organizations to support their infrastructure expansion activities and obtaining locally produced foods.*
- *Makes simplified summer food service program rules nationally applicable. These rules are intended to encourage expansion of the summer program by freeing summer program sponsors from a requirement that they provide detailed documentation of their expenses.*
- *Provides additional mandatory funding for expansion of the free fresh fruit and vegetable program in schools.*
- *Specifies an appropriations authorization for grants to encourage schools’ access to locally produced food (e.g., “farm-to-cafeteria” projects)—\$5 million a year rising to \$10 million in FY2011.*
- *Authorizes funding to support grants to facilitate the procurement and transportation of highly perishable healthy food for low-income persons.*

S. 1424, Farm, Nutrition, and Community Investment Act of 2007

Title IV—Nutrition Programs

- Bars any reduction in basic (maximum) food stamp benefits based on the Agriculture Department’s “Thrifty Food Plan.”
- *Places into permanent law a rule that disregards combat-related pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration’s proposal).*
- *Increases food stamp benefits by increasing and inflation indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration’s proposal).*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets and (2) requiring the disregard of all retirement savings (as in the Administration’s proposal).*
- *Eases reporting requirements on elderly households and allows state food stamp agencies to choose whether and how to act on information received through another program (unless it clearly indicates the household is not eligible for food stamps).*
- *Repeals the provisions of law substantially limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.*
- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require “unnecessary” information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens’ sponsors, and eases reporting requirements on state agencies in cases where they grant “indigence” exemptions from the rules for attribution of sponsors’ financial resources.
- *Increases the food stamp minimum monthly benefit.*
- *Limits state food stamp agencies’ ability to delegate administrative responsibilities to non-state employees or entities and requires that no food stamp application be denied for lack of verification unless the state agency determines that the applicant household has refused to comply with a request made by a state agency employee (e.g., not a contractor).*
- *Raises the required amount for Community Food Projects, increases federal matching, and expands the purposes of project grants.*

- *Increases required funding for commodities provided under The Emergency Food Assistance Program (TEFAP) from \$140 million to \$250 million in FY2008—indexed in future years.*
- *Requires a study of the feasibility and effects of treating Puerto Rico as a state under the Food Stamp program.*

Title VIII—Healthy Diets

- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state and increases required funding to \$300 million a year.*
- *Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).*
- *Increases the minimum requirement for specialty crop (e.g., fruit and vegetable) purchases using Section 32 funds to \$400 million a year (from \$200 million) and raises the set-aside for fresh fruit and vegetable purchases through the DOD Fresh program.*
- *Requires a study of school preferences as to the commodities supplied to them by the Department of Agriculture, including the extent to which they prefer these commodities to include fresh fruit and vegetables, an analysis of logistical problems that impede distribution of fresh fruit and vegetables, and recommendations for improving the availability of fresh fruit and vegetables to schools.*
- *Requires an independent evaluation of the Agriculture Department's commodity purchasing processes, especially with regard to purchases of perishable specialty crops.*
- *Provides mandatory funding for the WIC Farmers' Market Nutrition program.*
- *Increases mandatory funding for the Senior Farmers' Market Nutrition program.*
- *Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*

S. 1432, Food Outreach and Opportunity Development for a Healthy America Act of 2007

Title I—Food Stamp Program

- *Raises funding for Community Food Projects.*
- *Defines "nutrition education" for purposes of funding under the Food Stamp Act (more broadly than under current rules) and sets aside at least \$100 million a year for nutrition education.*

Title II—National School Lunch Program

- *Expands the free fresh fruit and vegetable program in schools to include at least 100 schools in every state and increases required funding to \$300 million a year.*

- Specifies an appropriations authorization of \$20 million a year for grants to encourage schools' access to locally produced food (e.g., "farm-to-cafeteria" projects).
- *Overrides current rules that limit the extent to which schools and other nutrition providers can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*

Title IV—Miscellaneous

- Provides mandatory funding for the farmers' market promotion program at \$25 million a year and expands the types of activities that may be supported.
- *Provides mandatory funding for the Senior Farmers' Market Nutrition program.*

S. 1529, Food Stamp Fairness and Benefit Restoration Act of 2007

Food Stamps

- *Increases food stamp benefits by inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating food stamp benefits (as in the Administration's proposal).*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets, (2) requiring the disregard of all retirement savings (as in the Administration's proposal), and (3) requiring the disregard of savings for education (as in the Administration's proposal).*
- Makes all legally resident noncitizens eligible (if they meet other food stamp eligibility requirements), requires that state food stamp agencies not require "unnecessary" information from noncitizens who may be exempt from rules governing the attribution of financial resources from noncitizens' sponsors, and eases reporting requirements on state agencies in cases where they grant "indigence" exemptions from the rules for attribution of sponsors' financial resources.
- *Significantly loosens the provisions of law limiting food stamp participation by able-bodied adults without dependents (ABAWDs) who are not working at least half-time or in a work or training program.*

The Emergency Food Assistance Program (TEFAP)

- *Increases required funding for commodities provided under TEFAP from \$140 million to \$180 million a year.*

S. 1575, Food Employment Empowerment and Development Program Act of 2007 (the FEED Act of 2007)

Authorizes grants to public agencies and private nonprofit organizations for the purposes of (1) recovering donated food from food service businesses (e.g., restaurants) and farms, (2) distributing meals or recovered food to entities feeding vulnerable populations, (3) training unemployed or underemployed adults in food service careers, and (4) carrying out “welfare-to-work” programs in combination with the production of school and after-school meal programs.

S. 1755/H.R. 2968, Summer Food Service Rural Expansion Act

Makes nationally applicable rules (now used in a pilot project in Pennsylvania) that ease participation by summer program sponsors in rural areas.

S. 2066, Back to School: Improving Standards for Nutrition and Physical Education in Schools Act of 2007

Requires that new, expanded regulations governing the offering of “foods of minimal nutritional value” in schools that are consistent with standards established by the National Academy of Sciences’ Institute of Medicine. These standards would cover schools participating in federally subsidized school meal programs and be applied to all foods and beverages sold on school campuses at any time. Requires standards for physical activity in all schools receiving federal funds.

S. 2143/H.R. 3978, Student Breakfast and Education Improvement Act of 2007

Authorizes competitive grants to schools to help establish, promote, or expand school breakfast programs and for related purposes (e.g., to increase local or fresh foods available in school breakfast programs, extend breakfast periods, and increase participation in breakfast programs).

S. 2228, Farm, Ranch, Equity, Stewardship, and Health Act of 2007 (FRESH Act)

Title III, Subtitle C—Nutrition

- *Increases funding for the fresh fruit and vegetable program—to \$200 million a year.*
- *Specifies an appropriations authorization of \$20 million a year for grants to encourage schools’ access to locally produced food (e.g., “farm-to-cafeteria” projects).*
- *Provides mandatory funding for the WIC Farmers’ Market Nutrition program.*
- *Provides mandatory funding for the Senior Farmers’ Market Nutrition program and bars federal limits on benefit levels.*
- *Requires that foods and meals served in schools participating in federal school meal programs meet the most recent Dietary Guidelines for Americans.*
- *Authorizes a pilot project under which food stamp recipients would receive financial incentives for the purchase of fresh fruits and vegetables.*
- *Overrides current rules that limit the extent to which schools and the Defense Department can specify a geographic preference (e.g., for locally produced food) when procuring food for the meals they serve.*

- *Increases (and makes mandatory) funding for Community Food Projects, increases federal cost-sharing for the projects, and expands the purposes for which they may be used.*
- *Increases minimum required purchases of fruits and vegetables using Section 32 funds and expands the set-aside for DOD Fresh program purchases.*

Title V—Nutrition; Subtitle A—Food Stamp Program

- *Places into permanent law a rule that disregards combat-related military pay for families with military members when calculating food stamp eligibility and benefits (as in the Administration's proposal).*
- *Increases food stamp benefits by increasing (to \$147) and inflation indexing the minimum amount of household monthly income (the "standard deduction") that is disregarded when calculating benefits.*
- *Increases food stamp benefits for households with dependent or child care expenses by removing dollar limits on the degree to which these costs are taken into account when calculating benefits (as in the Administration's proposal).*
- *Increases the degree to which liquid assets are disregarded when judging food stamp eligibility by (1) indexing the dollar limit on disregarded assets and (2) disregarding all tax-recognized retirement savings and retirement savings plans and educational savings.*
- *Eases provisions of law limiting the eligibility of able-bodied adults without dependents (ABAWDs) who are not working or in a work or training program.*
- *Increases funding for TEFAP commodities in FY2008 to \$250 million.*

Title V—Nutrition; Subtitle B—Food Service Industry Job Training for Low-Income Adults

- *Authorizes a grant program for recovery of donated foods from food service businesses (e.g., restaurants) and farms, distribution of meals or the recovered foods to nonprofit organizations and those serving vulnerable populations (e.g., the homeless, at-risk youths), training of unemployed and underemployed adults for food service careers, and carrying out welfare-to-work job training programs linked to the provision of school meals or support of after-school programs (see S. 1575).*
- *Authorizes grants to food program service providers and local nonprofit organizations (like emergency feeding organizations) for projects that assess community hunger problems and meet, or develop new resources or programs to meet, goals for achieving hunger-free communities (see S. 1172).*

Title V—Nutrition; Subtitle C—Other Programs

- *Makes simplified summer food service program rules nationally applicable (see S. 790/H.R. 1740).*
- *Requires continuation of current nutrition status monitoring and related research activities by the Secretaries of Agriculture and Health and Human Services.*

S. 2302, Food and Energy Security Act of 2007

As reported by the Senate Committee on Agriculture, Nutrition, and Forestry on November 2, 2007 (S.Rept. 110-220), includes substantial amendments affecting nutrition programs (Title IV). Adopted by the Senate, with substantial amendments, as its version of H.R. 2419, on December 14, 2007. See discussion of congressional action below.

S. 2726, Bonus TEFAP Assistance Act of 2008

Provides mandatory funding to states for transportation, storage, and distribution costs associated with “bonus” commodities donated through The Emergency Food Assistance Program (TEFAP).

S. 2745/H.R. 5578, P.L. 110-196 (enacted March 14, 2008)

Extends expired authorities for most programs covered by the nutrition title (and other titles) of the pending farm bill until April 18, 2008.

Congressional Action

In addition to making FY2008 Agriculture Department appropriations covering all the nutrition assistance programs (P.L. 110-161; 2008 Consolidated Appropriations Act), Congress has acted legislatively in four areas related to domestic food assistance.³³

Older Americans Act Nutrition Programs

On April 23, 2007, P.L. 110-19 was enacted. This law makes clear that nutrition programs for the elderly operated under the authority of the Older Americans Act (home-delivered meals and congregate meal projects) may use their Older Americans Act funding to obtain food commodities through the Agriculture Department for meals they serve.

Simplified Summer Food Service Rules

As noted earlier in the discussion of other domestic food assistance issues and proposals, P.L. 110-161 includes an amendment to the Richard B. Russell National School Lunch Act that makes “simplified summer food service rules” applicable nationwide. These rules (allowed to be used in 26 states and Puerto Rico) are intended to encourage expansion of the Summer Food Service program by freeing project sponsors from a requirement that they provided detailed documentation of their expenses in order to receive standard program per-meal subsidy rates; this matches rules for the regular School Lunch program.³⁴

Suppers in After-School Programs

As discussed earlier in the section on other domestic food aid issues and proposals, P.L. 110-161 incorporates an amendment to the Richard B. Russell National School Lunch Act that extends

³³ For information on the FY2008 appropriation, see CRS Report RL34132, *Agriculture and Related Agencies: FY2008 Appropriations*, by (name redacted).

³⁴ See S. 790/H.R. 1740.

federal subsidies for suppers served in after-school programs to one additional state—West Virginia—bringing the total number of states in which this assistance is offered to eight.

Expiring Authorities³⁵

At the end of FY2007 (and with no enacted farm bill to extend them), a number of authorities in domestic food assistance (and other farm-bill-related) laws expired. They were effectively extended by a series of appropriations actions, beginning with P.L. 110-161, the 2008 Consolidated Appropriations Act, and ending with P.L. 110-231. These laws provided continued funding for all domestic food assistance programs and kept in force certain legislative authorities in domestic food assistance laws that also expired with FY2007.

2008 Farm Bill

House Bill Provisions

On June 15, 2007, the House Agriculture Committee's Subcommittee on Departmental Operations Oversight, Nutrition, and Forestry forwarded its recommendations for the nutrition title of the farm bill to the full committee. On July 19, 2007, the House Agriculture Committee approved its version of the farm bill (H.R. 2419; H.Rept. 110-256), accepting the subcommittee's proposals with minor amendments. On July 27, 2007, the House adopted H.R. 2419, with amendments.

The House bill's nutrition title (Title IV) incorporated the significant changes to law noted below. Most of the amendments in the House bill did not directly affect nutrition program costs. However, a number of important provisions did, and the required new funding (generally from tax law changes) was provided in the bill. The Congressional Budget Office estimate of the cost of the provisions of the nutrition title (using its March 2007 "baseline" assumptions) projected that they would add some \$4.2 billion in federal spending (budget authority and outlays) over the next five years (the "life" of the farm bill).³⁶ Six provisions of Title IV accounted for virtually all of its cost in the first five years: increasing food stamp benefits by raising the "standard deduction" disregard of income (52%), boosting food stamp benefits by eliminating limits on income disregards tied to dependent care expenses (6%), raising minimum food stamp benefits (6%), increasing food stamp dollar limits on allowable liquid assets and disregarding retirement savings/plans and education savings as countable assets when judging food stamp eligibility (15%), increasing mandatory spending on TEFAP commodities (14%), and expanding support for the fresh fruit and vegetable program in schools (7%). As can be seen, the large majority of new spending generated in the House bill was tied to changes in food stamp law—that is, \$3.3 billion over the next five years.

Over the next ten years, changes made by the House bill were expected to cost a total of \$11.5 billion (using March 2007 "baseline" assumptions), because its revisions were made part of permanent law, unlike the Senate's measure.

³⁵ For a longer discussion of extensions of expiring authorities and the farm bill, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, coordinated by (name redacted).

³⁶ This represents a 2.2% increase over the most current (March 2007) Congressional Budget Office "baseline" estimate of spending under current law for programs under the nutrition title over the next five years (\$192.2 billion).

Food Stamps

General Provisions

- Renamed the Food Stamp program the *Secure Supplemental Nutrition Assistance program*.
- Made coupons issued under the Food Stamp program—prior to the changeover to electronic benefit transfer (EBT) cards as the method of issuing benefits—no longer redeemable.

Benefit Levels and Eligibility³⁷

- Increased benefits (and, to a limited degree, liberalized income eligibility standards) for most households by raising and then indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating household benefits (and, to a limited degree, income eligibility). The monthly standard deduction was initially increased by 8%, from \$134 to \$145 a month, for an initial benefit increase of about \$3-\$4 a month for most households. This change accounted for just over half of the new spending brought on by the provisions of the nutrition title.
- Increased benefits (and, to a limited degree, liberalized income eligibility standards) for some households with dependent or child care expenses by removing the dollar limits on the degree to which these expenses are taken into account (i.e., disregarded in calculating household income).³⁸ This change accounted for about 6% of the new spending expected under the provisions of the nutrition title.
- Increased minimum benefits for recipient households near the income eligibility limits by calculating minimum benefits as 10% of the (indexed) maximum monthly benefit for a one-person household. The minimum benefit (\$10 a month for one- and two-person households) would be initially lifted to an estimated \$16 a month. This change represented some 6% of the new spending in the nutrition title.
- Placed into permanent law a rule (now in annual appropriations laws) that disregards combat-related pay for families with military members when calculating benefits (and, to a limited degree, income eligibility).³⁹

³⁷ **Note:** Income disregard provisions primarily affect benefit calculations. However, they can affect a household’s income eligibility. Most households are subject to both a “gross” income test—their total income, *before* disregards (deductions), must be below 130% of the federal poverty income guidelines—and a “net” income test—their income, *after* disregards (deductions), must be below the poverty guidelines themselves. In the overwhelming majority of situations, meeting the gross income test is the more important requirement. But boosting or establishing an income disregard also decreases a household’s net income and can make their income eligibility more likely. Elderly or disabled households are subject only to a net income test.

³⁸ Current limits are \$200 a month for children under age 2 and \$175 a month for all other dependents. This proposal also was put forward by the Administration, among others.

³⁹ This proposal also was put forward by the Administration, among others, and is included in the FY2008 Agriculture Department appropriations measure.

- Adopted the Administration’s proposal to bar food stamp eligibility to those disqualified from the FDPIR.

Asset Eligibility Standards

- Increased the degree to which liquid assets are disregarded when judging eligibility by annually indexing the dollar limits on assets an eligible household may hold.⁴⁰
- Added to the list of assets that are to be disregarded all tax-recognized retirement savings/plans and education savings.⁴¹ These changes, coupled with indexing the dollar limits on assets, accounted for about 15% of the new spending in the nutrition title.

Program Administration and Nutrition Education

- Substantially limited states’ authority to “privatize” program administration (to delegate food stamp administrative responsibilities to non-government employees or entities) by restricting most communications with households and participation in determinations relating to compliance with substantive or procedural program requirements (or most other determinations) to government “merit system” employees. Denied federal matching funds where these limits are not observed.
- Adopted the Administration’s proposals with regard to “widespread systemic errors” in states’ administration of food stamps—allowing the Agriculture Department to effectively waive requirements to collect overissued benefits from recipients in the case of a major systemic administrative failure and to require states to repay overissued benefits in such cases.
- Loosened benefit “accrual” rules limiting how long recipients can leave their electronic benefit accounts inactive before their benefits are recovered.
- Placed into law specific rules governing the use of “telephonic signatures” for food stamp applications.
- Put into law existing policy allowing approval of faith-based organizations operating residential substance abuse treatment programs as eligible to receive food stamp benefits on behalf of their residents.
- Placed into law provisions comparable to pre-existing policies supporting (and providing federal 50% matching funds for) nutrition education for the food-stamp-eligible population. Called on the Agriculture Department to encourage and support the most effective interventions (including public health approaches as well as traditional education). Stated that food stamp program nutrition education activities should be coordinated with other federally funded food assistance and should leverage public/private partnerships.

Retailers

⁴⁰ Asset limits are now set at \$2,000, or \$3,000 for households with an elderly or disabled member.

⁴¹ This proposal was put forward by the Administration, among others.

- Adopted the Administration’s proposals with regard to penalties on retailers for violations of food stamp law/regulations—giving more authority to impose fines in lieu of disqualification for minor violations and new authority to fine retailers in addition to disqualification for major violations; allowed the Agriculture Department to suspend redemption of retailers’ food stamp receipts pending disqualification in “certain egregious trafficking cases.”⁴²

Other Provisions and Programs

Reauthorization

- Extended all expiring authorities in the Food Stamp Act and other laws governing programs covered in the nutrition title (including authorizations for appropriations and mandatory spending directives) through FY2012. Amendments made in the House bill generally were made part of permanent law.

The Emergency Food Assistance Program (TEFAP)

- Increased mandatory funding for TEFAP commodities from \$140 million to \$250 million in FY2008, indexed for food price inflation in later years. This change accounted for about 14% of the new spending in the nutrition title.
- Boosted the authorized appropriations level for funding of TEFAP distribution costs from \$60 million to \$100 million a year.

Fruits and Vegetables

- Increased mandatory funding for the current program offering free fresh fruits and vegetables in elementary and secondary schools, from up to \$15 million in mandatory and discretionary money available in FY2006 and FY2007, to \$70 million a year (mandatory). This increase represented 7% of the new spending in the nutrition title.
- Expanded availability of this school fresh fruit and vegetable program to all states (from the current 14 states). At least 35 elementary and secondary schools in each state would participate, and additional schools would participate in accordance with the state’s proportion of the student population.
- Allowed the Agriculture Department to reserve up to 1% of the school fresh fruit and vegetable program funding for administrative costs, and allowed states to reserve up to 5% for administrative expenses.
- Increased the minimum set-aside of mandatory funding to purchase fresh fruits and vegetables for child nutrition providers (e.g., schools) through the DOD Fresh Program, from \$50 million a year to \$75 million a year.

Commodity Supplemental Food Program (CSFP)

- Increased income eligibility limits for elderly applicants to the CSFP (from 130% to 185% of the federal poverty income guidelines, the same standard applied to households with women, infants, and children).

⁴² See the discussion of the Senate bill for more detail.

Community Food Projects

- Authorized funding for community food projects at \$30 million a year, up from the existing set-aside of \$5 million a year.
- Expanded the purposes for which community food project grants can be used to include initiatives related to (1) transportation and processing of local foods; (2) retail access to healthy food in underserved markets; (3) integration of urban- and metro-area food production into food projects; and (4) technical assistance for youth, socially disadvantaged individuals, and groups with limited resources.
- Increased the limit on the federal share of project grants from 50% to 75%.
- Raised the limit on the number of years for which grants may be awarded from three to five years.
- Increased the set-aside for a special grant for “innovative programs” from \$200,000 to \$500,000.

Food Distribution Program on Indian Reservations (FDPIR)

- Authorized funding (\$5 million a year) for a fund to purchase traditional and locally grown food for the FDPIR, at least 50% of which must be produced by Native American farmers, ranchers, and producers.
- Required a report reviewing the procedures for determining FDPIR food packages and the adequacy of the food packages and describing any plans to revise the packages to conform with the most recent Dietary Guidelines for Americans.

Senior Farmers’ Market Nutrition Program (SFMNP)

- Authorized additional appropriations to expand the SFMNP: \$20 million for FY2008 rising, in stages, to \$75 million for FY2012.
- Adopted the Administration’s proposals to disregard SFMNP benefits under welfare laws and bar sales taxes on them.

Geographic Preference and Buy American Rules

- Generally overrode rules that limit the extent to which schools and the DOD Fresh program can specify a geographic preference (e.g., for locally produced food items) when procuring food for meals served by child nutrition providers.
- Encouraged the Agriculture Department to undertake training, guidance, and enforcement to implement existing Buy American requirements for child nutrition programs.

Puerto Rico

- Directed a comprehensive study of extending the regular Food Stamp program to Puerto Rico as a state (in lieu of its nutrition assistance block grant).

Obesity Initiative

- Authorized appropriations (\$10 million a year) for a competitive grant initiative to address obesity among low-income Americans, similar to the proposal advanced by the Administration.

Bill Emerson and Mickey Leland Hunger Fellowship Program

- Revamped provisions of law governing the Emerson-Leland Hunger Fellowship program.⁴³ Authorized appropriations of \$3 million a year.

Nutrition Monitoring

- Required continuation of joint national nutrition monitoring activities—established under the 1990 Nutrition Monitoring and Related Research Act—by the Departments of Agriculture and Health and Human Services.

Sense of Congress: Juvenile Obesity

- Provides that it is the sense of Congress that food items in school meal programs should be selected so as to reduce the incidence of juvenile obesity and maximize nutritional value.

Senate Bill Provisions

On December 14, 2007, the Senate adopted its version of the farm bill, a substitute for H.R. 2419, based on S. 2302 (S.Rept. 110-220) as amended on the Senate floor.

As passed, the Senate bill's nutrition title (Title IV) incorporated the significant changes to law noted below. As with the House bill, most of its amendments did not directly affect nutrition program costs. But a number of important provisions did, and the required offsetting funding—from savings in other (agriculture) programs and titles in the bill—was provided. Estimates from the Congressional Budget Office (using its March 2007 “baseline” assumptions) placed the overall five-year cost (new budget authority) at \$5.4 billion, or \$5.3 billion in new outlays.⁴⁴ Changes to the Food Stamp program and TEFAP and expansion of the fresh fruit and vegetable program in schools accounted for 97% of the new spending in the Senate bill. Food stamp amendments alone represented 66% of the new spending (\$3.5 billion); the four most expensive of these revisions were an increase in the “standard deduction” disregard of income, loosened asset eligibility rules, a higher minimum monthly benefit, and removal of dollar limits on income disregards tied to dependent care expenses. New TEFAP spending accounted for 10% of the added spending (\$550 million). And additional money for the fruit and vegetable program represented 21% (\$1.1 billion). As can be seen, in a major difference from the House bill, the Senate's version placed substantially more emphasis on support for the fresh fruit and vegetable program, both in absolute dollar terms and as a proportion of total spending under the nutrition title.

⁴³ Current provisions have not been implemented. Instead, the hunger fellowship program continues to receive annual appropriations (\$2.5 million in FY2006 and proposed for FY2008) from Congress, without any specific legislative guidance as to their use.

⁴⁴ This represents a 2.8% increase over the Congressional Budget Office “baseline” estimate of spending under current law for programs under the nutrition title over the next five years (\$192.2 billion).

In another large difference from the House bill, the Senate's measure was expected to cost only \$5.6 billion over the next ten years (as opposed to the House's \$11.5 billion), because most of its major revisions were terminated after FY2012 (not made permanent) for budgetary reasons.

Food Stamps

General Provisions

- Renamed the Food Stamp program the *Food and Nutrition program*.
- Made coupons issued under the Food Stamp program—prior to the changeover to electronic benefit transfer (EBT) cards as the method of issuing benefits—no longer redeemable.

Benefit Levels and Eligibility⁴⁵

- Increased benefits (and, to a limited degree, liberalized income eligibility standards) for most households by raising and then indexing the minimum amount of household monthly income (the “standard deduction”) that is disregarded when calculating household benefits (and, to a limited degree, income eligibility). The monthly standard deduction would be initially increased by 4.5%, from \$134 to \$140 a month, for an initial benefit increase of about \$2-\$3 a month for most households. This change accounted for about one-quarter of the new spending brought on by the provisions of the nutrition title.
- Increased benefits (and, to a limited degree, liberalized income eligibility standards) for some households with dependent or child care expenses by removing the dollar limits on the degree to which these expenses are taken into account (i.e., disregarded in calculating household income).⁴⁶ This change was the same as in the House bill and accounted for about 4% of the new spending expected under the nutrition title.
- Increased minimum benefits for recipient households near the income eligibility limits by calculating minimum benefits as 10% of the (indexed) maximum monthly benefit for a one-person household. The minimum benefit (\$10 a month for one- and two-person households) would initially rise to an estimated \$16 a month. This revision was the same as in the House bill represented some 4% of the new spending under the nutrition title.
- Placed into permanent law a rule (now in annual appropriations laws) that disregards combat-related pay for families with military members when calculating benefits (and, to a limited degree, income eligibility).⁴⁷ This amendment was the same as in the House bill.

⁴⁵ **Note:** Income disregard provisions primarily affect benefit calculations. However, they also can affect a household's income eligibility to some extent. See footnote 38 for a fuller discussion.

⁴⁶ Current limits are \$200 a month for children under age 2 and \$175 a month for all other dependents. This proposal was put forward by the Administration, among others.

⁴⁷ This proposal also was put forward by the Administration, among others. It is included in the FY2008 Agriculture Department appropriations measure.

- As in the House bill, adopted the Administration’s proposal to bar food stamp eligibility to those disqualified from the FDPIR.
- Lengthened the eligibility period for able-bodied adults without dependents (ABAWDs) who are not working or in a work/training program from 3 months in every 36-month period to 6 months in every 36-month period. Also eliminated a current provision under which ABAWDs who gain eligibility by meeting the work or work/training test, but subsequently fail to meet the test, may remain eligible for an additional 3 consecutive months.
- Allowed states to provide transitional food stamp benefits to households with children that cease to receive cash assistance under a state-funded public assistance program, as is the case for households losing federally financed Temporary Assistance for Needy Families (TANF) benefits. Transitional benefits consist of five months’ benefits based on the benefit immediately prior to losing cash assistance (and adjusted for the loss of cash aid).
- Similar to suggestions by the Administration, allowed disqualification of individuals found by a court or administrative agency to have intentionally (1) obtained cash by misusing program benefits to obtain money for return deposits on containers or (2) sold any food purchased with program benefits. (Also noted in *Retailers and Use of Benefits* below.)

Asset Eligibility Standards

- Increased the degree to which liquid assets are disregarded when judging eligibility by first increasing the dollar limits on assets an eligible household may hold and then annually indexing the new limits. The initial increase would be from \$2,000 to \$3,500 for most households and from \$3,000 to \$4,500 to households with elderly or disabled members.
- As in the House bill, adopted the Administration recommendation to add to the list of assets that are to be disregarded all tax-recognized retirement savings/plans and education savings. These changes, together with the increased and indexed dollar limits noted above, accounted for about one-quarter of the new spending in the Senate’s nutrition title.

Program Administration and Nutrition Education

- Required standards for identifying major changes in state agency administrative operations, such as substantial increases in reliance on automated systems and potential increases in administrative burdens placed on applicants or recipients. Further mandated that, if a state agency implements a major change in operations, it must notify the Agriculture Department and collect any information the Department needs to identify and correct any adverse effects on program integrity or access.
- Required that computerized systems for state agency operations must (1) be tested adequately before and after implementation and (2) be operated under a plan for continuous updating and testing.
- As in the House bill, adopted the Administration recommendation with regard to “widespread systemic errors” in states’ administration of food stamps—allowing the Agriculture Department to effectively waive requirements to collect

overissued benefits from recipients in the case of major systemic administrative failure and to require states to repay overissued benefits in such cases.

- Expanded the application of “simplified reporting” rules. Allowed states to extend periodic reporting of changes in household circumstances (as opposed to reporting all changes when they occur) to households with elderly or disabled members (and certain others). Limited the frequency with which these households must report (other than changes whereby they exceed the gross monthly income eligibility limits), for example, to no more often than once a year for elderly or disabled households with no earned income.
- Similar to the House bill, allowed households to accrue unused benefits under the electronic benefit transfer system for up to 12 month before they are expunged. Also required states to notify households of electronically stored (unused) benefits and make them available not later than 48 hours after a household’s request.
- Required consistent federally established procedures for identifying felons fleeing from active pursuit for prosecution or custody; so-called “fleeing felons” are ineligible for food stamps.
- Required that any method for staggering issuance of benefits throughout a month not include splitting any household’s benefit into multiple issuances.
- As in the House bill, placed into law specific rules governing the use of “telephonic signatures” for food stamp applications.
- Expanded privacy protections for applicants and recipients to control the release of information obtained from them to third parties.
- Allowed “job retention services” provide to those who have obtained employment to be treated as an employment and training program eligible for support for food stamp purposes.
- Allowed individuals who volunteer for employment and training programs for food stamp recipients to participate for more than the maximum 20 hours a week (or a number of hours based on their benefit and the minimum wage).
- Required states to analyze and demonstrate the cost-effectiveness of biometric identification technology (like fingerprinting) in order to receive a federal administrative share of the cost.
- Limited the time that unspent federal funding for the basic expenses of employment and training programs for food stamp recipients may remain available to two years and rescinded currently unspent employment and training money.
- Similar to the House bill, specified in law that states may implement nutrition education programs promoting healthy food choices for those eligible for food stamps and may receive federal 50% matching funds for these initiatives.

Retailers and Use of Benefits

- Similar to the House bill and the Administration’s proposals, revised rules with regard to penalties on retailers for violations of food stamp law or regulations. Allowed fines of up to \$100,000 per violation in all cases, including where a

disqualification has been imposed (vs. up to \$10,000 per violation as an alternative to disqualification). Removed minimum disqualification periods for first and second offenses. Eased conditions under which a bond may be required of a previously violating retailer who wishes to re-enter the program. Allowed the Agriculture Department to suspend retailers' payments for food stamp receipts pending disqualification in cases of flagrant violations.

- Disqualified benefit recipient misusing food stamps to obtain container deposits or by selling food purchased with program benefits (also noted in *Benefit Levels and Eligibility* above).
- Required regulations defining dietary supplements and provided that no dietary supplements may be purchased with program benefits until final regulations have been issued or a voluntary system of labeling for identification of eligible dietary supplements has been certified.

Other Provisions and Programs

Reauthorization

- Extended all significant expiring authorities in the Food Stamp Act and other laws governing programs covered in the nutrition title (including authorizations of appropriations and mandatory spending directives) indefinitely—with the exception of the authorization of funding for community food projects (extended through FY2012). Amendments made by the Senate bill generally terminated with FY2012.

The Emergency Food Assistance Program (TEFAP)

- Increased mandatory funding for TEFAP commodities from \$140 million to \$250 million a year, beginning with FY2008. This change accounted for about 10% of the new spending in the nutrition title.
- As in the House bill, boosted the authorized appropriations level for funding of TEFAP distribution costs from \$60 million to \$100 million a year.
- Required that state TEFAP plans of operation be submitted every three years instead of every four years.
- Specifically allowed the use of funding provided for TEFAP processing, storage, and other distribution expenses for costs related to donated wild game.

Fruits and Vegetables

- Replaced the pre-existing program offering free fresh fruits and vegetables in elementary and secondary schools, beginning with the 2008-2009 school year. Provided mandatory funding of \$225 million (FY2008) annually, indexed for inflation, for a new program that would be available in a limited number of state-selected elementary schools nationwide, including at least 100 schools on Indian reservations. Funds would be allocated among states in two tranches: a minimum grant for each state and an amount based on state population. Per-student grants would be between \$50 and \$75, annually, and set by states. An evaluation would be required by 2011. This program represented 21% of the new spending in the nutrition title.

Commodity Supplemental Food Program (CSFP)

- Prohibited federal requirements as to giving priority to either (1) elderly or (2) women, infants, and children in CSFP projects.
- Permitted states to serve elderly persons with income up to 185% of the federal poverty guidelines, if the Secretary determines that annual appropriations have enabled every state wishing to participate in the CSFP to do so.

Community Food Projects

- Increased maximum funding for community food projects from \$5 to \$10 million a year (through FY2012).

Food Distribution Program on Indian Reservations (FDPIR)

- Similar to the House bill, authorized \$5 million a year for a fund to purchase “traditional” and local foods for the FDPIR.
- As in the House bill, required a report reviewing the procedures for determining FDPIR food packages and the adequacy of the packages and describing any plans to revise the packages to conform with the most recent Dietary Guidelines for Americans.
- Specifically permitted the Agriculture Department to purchase, subject to appropriations, bison meat for distribution through the FDPIR, including meat from Native American producers and producer-owned cooperatives.

Senior Farmers’ Market Nutrition Program (SFMNP)

- Increased mandatory funding for the SFMNP from \$15 million to \$25 million a year.
- As in the House bill, adopted the Administration’s proposals to disregard SFMNP benefits under welfare laws and bar sales taxes on them.

Farmers’ Markets and EBT Cards

- Provided mandatory funding (\$5 million) for grants to projects for expanding the number of farmers’ markets accepting food stamp electronic benefit transfer (EBT) cards.

Geographic Preference and Buy American Rules

- As in the House bill, generally overrode current rules that limit the extent to which schools and the DOD Fresh program can specify a geographic preference (e.g., for locally produced food items) when procuring food for meals served by child nutrition providers.
- Similar to the House bill, encouraged implementation of existing Buy American requirements for child nutrition programs.

Puerto Rico

- As in the House bill, directed a comprehensive study of extending the regular Food Stamp program to Puerto Rico as a state (in lieu of its nutrition assistance block grant). Also provided mandatory funding of \$1 million for the study.

Health and Nutrition Promotion Projects

- Required the establishment of pilot projects to develop, test, and evaluate methods of using the Food Stamp program to improve the dietary and health status of participating households and to reduce overweight, obesity, and associated diet-related diseases. Among other initiatives, projects could include those increasing program benefits; expanding access to farmers' markets; providing incentives to vendors to increase the availability of healthy foods; adding vendor requirements with respect to carrying healthy foods; supporting nutrition/health education programs; and providing recipients with point-of-purchase financial incentives to encourage purchase of fruits, vegetables, and other healthy foods. Mandatory funding of \$50 million was provided for these projects, the largest portion of which was set aside for point-of-purchase incentive pilots.

Hunger-Free Communities: Studies and Grants⁴⁸

- Required a periodically updated study of major matters relating to the problem of hunger in the United States, assessing data and hunger-reduction measures that have been and could be carried out, as well as making recommendations for policies to reduce hunger.
- Authorized matching grants (1) to food program service providers and nonprofit organizations to assess community hunger problems and meet goals for achieving "hunger-free communities" and (2) to emergency feeding organizations for infrastructure development.
- Authorized appropriations of \$50 million a year for these studies and grants.

Bill Emerson and Mickey Leland Hunger Fellows

- Similar to the House bill, revamped and replaced current provisions of law governing Emerson-Leland hunger fellowships. Authorized appropriations of such sums as are necessary.

Enrolling Children for Free School Meals

- Required assessment of (and annual reports on) the effectiveness of each state in enrolling children in food stamp households for free school meals using "direct certification" procedures.

Periodic Surveys

- Required periodic surveys of foods purchased by schools in the School Lunch program and provided mandatory funding of \$3 million for each survey.

Nutrition Monitoring

⁴⁸ Also see S. 1172, entitled the Hunger-Free Communities Act.

- As in the House bill, required continuation of national nutrition monitoring activities.

Team Nutrition Network

- Provided mandatory funding of \$3 million a year (through FY2012) for Team Nutrition (education) Network activities authorized under the Child Nutrition Act.

Agriculture Policy and Public Health

- Required the Government Accountability Office (GAO) to assess whether the agricultural policies of the U.S. have an impact on health, nutrition, overweight, obesity, and diet-related disease.

Whole Grain Pilot Project

- Established a pilot project to provide whole grain products in selected elementary and secondary schools. Provided funding of \$4 million a year drawn from money available for Senior Farmers' Market Nutrition programs and Community Food projects.

Report on Federal Hunger Programs

- Required the GAO to submit a report that surveys all federal programs seeking to alleviate hunger or food insecurity or to improve nutritional intake.

Food Employment Empowerment and Development Program⁴⁹

- Authorized a "food employment empowerment and development program" under which grants would be made to encourage the effective use of community resources to combat hunger and the causes of hunger through food recovery and job training initiatives.

Infrastructure and Transportation Grants

- Authorized competitive grants, totaling \$10 million a year through FY2012, to expand the capacity and infrastructure of food banks in rural areas and improve their ability to handle "time-sensitive" (perishable) foods.

The Enacted 2008 Farm Bill

After two vetoes (overridden by Congress), the farm bill, entitled the Food, Conservation, and Energy Act of 2008, became law, as P.L. 110-246, on June 18, 2008.⁵⁰ The new Act's nutrition title (Title IV) covers (extends or amends) the Food Stamp program, The Emergency Food Assistance Program (TEFAP), the fresh fruit and vegetable program in schools, the Senior Farmers' Market program, programs in lieu of food stamps in Puerto Rico and American Samoa

⁴⁹ See S. 1575.

⁵⁰ See CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, coordinated by (name redacted), for details on House and Senate action on the conference agreement (H.Rept. 110-627), the Presidential vetoes, and various extensions of expiring authorities pending the Farm Bill's enactment.

and on Indian reservations, the Commodity Supplemental Food Program, rules governing procurement of food for school meal programs, congressional hunger fellowships, and various special nutrition projects. It includes the extensions of authority for and changes in domestic nutrition assistance laws noted below.⁵¹

While, as with the House and Senate bills, many provisions do not have a direct cost effect, several important revisions do. The Congressional Budget Office (the CBO) estimate of the total new spending expected from Title IV initiatives varies according to which “baseline” (i.e., costs with no changes in law) assumptions are used and the time period over which costs are projected. Spending figures also differ depending on whether offsetting reductions are taken into account.

Under pre-2008 law, the programs covered by Title IV were anticipated to cost (in outlays) approximately \$186 billion over FY2008-FY2012 (the 5-year “life” of the 2008 farm bill) and almost \$400 billion over the 10-year span from FY2008 to FY2017, using the CBO March 2007 baseline. Projecting from the CBO March 2008 baseline, Title IV programs were expected to cost about \$206 billion over FY2008-FY2012 and just over \$430 billion over FY2008-FY2017. Taken as a percentage increase over these baseline amounts, Title IV provisions are expected to add between 1% and 2% in new spending (outlays) over 5 years and just over 2% over 10 years (see below).

Using the March 2007 CBO baseline—this baseline was employed by Congress in making decisions as to the provisions to be included in Title IV, and estimates using it are those most often cited in describing the effects of the farm bill—the CBO estimates project total net Title IV costs (outlays) at \$2.897 billion over FY2008-FY2012 and \$9.218 billion over FY2008-FY2017. On the other hand, if the March 2008 baseline is used, total net Title IV costs increase to \$3.11 billion over FY2008-FY2012 and \$9.66 billion over FY2008-FY2017. These net cost estimates (under *both* baseline assumptions) do *not* include new spending for the Fresh Fruit and Vegetable program (see below) that are effectively offset with money from permanent “Section 32”⁵² appropriations provided through an amendment (Section 14222) in Title XIV of the new law—that is, \$274 million (FY2008-FY2012) and \$1.02 billion (FY2008-FY2017).

Six provisions of the enacted law account for virtually all of the cost of the provisions of Title IV: (1) increasing food stamp benefits by raising the “standard deduction” disregard of income, (2) boosting food stamp benefits by eliminating limits on income disregards tied to dependent care expenses, (3) raising minimum food stamp benefits, (4) increasing food stamp dollar limits on allowable liquid assets and disregarding retirement savings/plans and education savings as countable assets when judging food stamp eligibility, (5) increasing mandatory spending on TEFAP commodities, and (6) expanding support for the fresh fruit and vegetable program in schools. The large majority of new spending generated by the changes incorporated in Title IV is tied to changes in food stamp law.

The nutrition title of the enacted farm bill responds to the overwhelming majority of proposals for change put forward in bills pending before Congress and supported by the advocacy community (all of which call for various program expansions and new initiatives). It includes no program

⁵¹ For additional details on the enacted farm bill’s Title IV, see the website of the Center on Budget and Policy Priorities at <http://www.cbpp.org>.

⁵² For information on Section 32, see CRS Report RL34081, *Farm and Food Support Under USDA’s Section 32 Program*, by (name redacted) and (name redacted).

cutbacks and very few of the Administration's recommendations. Only three significant pieces of the Administration's nutrition title package are accepted: the disregard of retirement plans/savings and education savings when judging food stamp eligibility, lifting limits on dependent-care cost disregards, and changing rules governing the treatment of retailers violating food stamp rules. However, while the nutrition title includes most of the provisions for added benefits, loosened eligibility standards, and new or expanded nutrition program initiatives, it does not necessarily adopt the most expansive approaches to these changes—primarily because of cost concerns.

Food Stamps

General Provisions

- Renames the Food Stamp Program and the Food Stamp Act as the Supplemental Nutrition Assistance Program (SNAP) and the Food and Nutrition Act.
- Makes coupons issued under the Food Stamp program—prior to the changeover to electronic benefit transfer (EBT) cards as of method of issuing benefits—no longer redeemable.

Benefit Levels and Eligibility

- Increases benefits (and, to a limited degree, liberalizes income eligibility standards) for most households by raising and then indexing the minimum amount of household monthly income that is disregarded (the “standard deduction”) by calculating benefits (and, to a limited degree, income eligibility). The monthly minimum standard deduction is initially increased to \$144 (for FY2009), and then annually increased for inflation in later years. This change accounts for just over half the cost of the provisions in the nutrition title.
- Increases benefits (and, to a limited degree, liberalizes income eligibility standards) for some households with dependent or child care expenses by removing dollar limits on the degree to which these expenses are taken into account.
- Increases minimum benefits by calculating them as 8% of the (indexed) maximum monthly benefit for a one-person household.
- Places into permanent law a rule that disregards combat-related pay for families with military members when calculating benefits and eligibility.
- Bars food stamp eligibility to those disqualified from the FDPIR.
- Allows states to provide “transitional” food stamp benefits to households with children that cease to receive cash assistance under a state-funded public assistance program.
- Disqualifies persons found to have intentionally (1) obtained cash by misusing program benefits to obtain money for the return of deposits on containers or (2) sold food purchased with program benefits.

Asset Eligibility Standards

- Increases the degree to which liquid assets are disregarded when judging eligibility by indexing the dollar limits on assets for inflation.

- Adds to the list of assets that are to be disregarded all tax-recognized retirement plans/savings and education savings.

Program Administration

- Requires standards for identifying major changes in state agency administrative operations and mandates that, if a state implements a major change in operations, it must notify the Agriculture Department and collect any information needed to identify and correct any adverse effects on program integrity or access.
- Requires that computerized systems for state agency operations must be tested adequately before and after implementation and be operated under a plan for continuous updating and testing.
- Permits the Agriculture Department to make a determination that a state agency has over-issued benefits to a substantial number of households because of a “major systemic error” by the state. If this determination is made, the Department may (1) prohibit the state agency from collecting any resulting over-issuances from recipients and (2) collect the cost of over-issuances from the state.
- Expands the application of “simplified reporting” rules by allowing states to extend periodic reporting of changes in household circumstances (as opposed to reporting all changes when they occur) to households with elderly or disabled members (and certain others).
- Allows households to accrue unused benefits under the electronic benefit transfer system.
- Requires consistent federally established procedures for identifying felons fleeing from active pursuit for prosecution or custody.
- Places into law specific rules governing the use of “telephonic signatures” for food stamp applications.
- Limits “split issuance” of benefits by requiring that no staggered issuance procedure may provide for more than 1 issuance during a month, except in the case of a benefit correction.
- Allows “job retention services” to be provided to those who have obtained employment as part of an employment/training program and allows volunteers for employment and training to participate for more than the normal maximum of 20 hours a week.
- Expands privacy protections for applicants and recipients to control the release of information obtained from them to third parties.
- Limits the time that unspent federal funding for expenses of employment and training programs can remain available.

Retailers

- Revises rules with regard to penalties on retailers for violations of food stamp law or regulations: (1) allows fines of up to \$100,000 per violation, (2) permits imposition of both a disqualification and a money penalty, and (3) removes minimum disqualification periods.

- Bars charging retailers “interchange fees” in connection with implementation of electronic benefit transfer systems.

Other Provisions and Programs

Reauthorization

- Generally extends expiring authorities in the (renamed) Food Stamp Act and other laws governing programs covered in the nutrition title (including authorizations of appropriations and spending directives) through FY2012. Amendments are made part of permanent law.

The Emergency Food Assistance Program (TEFAP)

- Increases mandatory funding for TEFAP commodities. For FY2008, an immediate infusion of \$50 million is directed. For FY2009, \$250 million in TEFAP commodities is mandated, up from \$140 million under prior law. For FY2010 through FY2012, the \$250 million provided for FY2009 is to be adjusted for food-price inflation.
- Increases the annual authorization of appropriations for TEFAP administrative and distribution costs to \$100 million.
- Authorizes appropriations (\$15 million a year) for TEFAP “infrastructure grants.”

Fruits and Vegetables

- Replaces the existing program supporting the offering of fresh fruits and vegetables in schools, beginning with the 2008-2009 school year. The new initiative will provide funding for the program to operate in elementary schools selected by states. New mandatory funding of \$40 million (for FY2008) is provided, followed by \$65 million for the 2009-2010 school year, \$101 million for the 2010-2011 school year, and \$150 million for the 2011-2012 school year. Available money for each succeeding school year is indexed for inflation. Funding is made available through provisions in Title XIV of the enacted law. Money is allocated to states under a formula distributing about half the money equally among states and apportioning the remainder on the basis of state population. Priority is to be given to schools that have high proportions of low-income students, and states are responsible for selecting schools and must limit annual per-student grants to \$50-\$75. Provides funding for an evaluation of this effort and allows limited set-asides for federal and state administrative costs.
- Provides that, in addition to the minimum (\$200 million-a-year) acquisition of fruits, vegetables, and nuts for use in domestic food assistance programs required under the 2002 farm bill, the Agriculture Department will purchase additional fruits, vegetables, and nuts for use in these programs. Added acquisitions are required to be \$190 million (FY2008), \$193 million (FY2009), \$199 million (FY2010), \$203 million (FY2011), and \$206 million (FY2012 and each year thereafter). Retains a requirement for a \$50-million-a-year purchase of fresh fruits and vegetables for schools (currently carried out through Defense Department procurement facilities under the “DoD Fresh” program).

Commodity Supplemental Food Program (CSFP)

- Bars the Agriculture Department from requiring that CSFP projects prioritize assistance among the elderly or women, infants, and children, but does not change eligibility rules.

Food Distribution Program on Indian Reservations (FDPIR)

- Authorizes funding (\$5 million a year) for a fund to purchase “traditional and locally grown foods” for the FDPIR, mandates that at least half of these foods are to be from Native American farmers, ranchers, and producers, and authorizes funding for bison meat purchases for the FDPIR.
- Requires a report reviewing the procedures for determining the contents of FDPIR food packages and a survey of participants as to their preference among traditional foods.

Senior Farmers’ Market Nutrition Program (SFMNP)

- Increases total mandatory funding for the SFMNP to \$20.6 million a year (from \$15 million annually).
- Adds honey to the items that may be purchased with SFMNP vouchers.
- Bars consideration of SFMNP benefits as income/resources in for tax purposes and in other public aid programs and prohibits the collection of sales taxes on SFMNP purchases.

Farmers’ Markets and EBT Cards

- Provides mandatory funding (\$5 million) for grants to projects for expanding the number of farmers’ markets that accept electronic benefit transfer (EBT) cards. This provision is included in Title X of the enacted law.

Community Food Projects

- Requires a grant to a nonprofit organization to establish and support a “healthy urban food enterprise development center” to carry out activities that increase access to healthy affordable foods (including locally produced food) in “underserved communities.” Mandatory funding of \$1 million a year is made available.
- Authorizes a new pilot program to provide grants to high-poverty schools for initiatives in hands-on gardening.

Geographic Preference (Purchase of Locally Produced Foods)

- Requires the Agriculture Department to allow schools and other institutions receiving funds under the National School Lunch and Child Nutrition Acts (and the Defense Department acting as a fresh fruit and vegetable buying agent) to use geographic preference for the procurement of “unprocessed agricultural products, both locally grown and locally raised.”

Puerto Rico

- Directs a comprehensive study of extending the regular Food Stamp program (renamed the Supplemental Nutrition Assistance program) to Puerto Rico as a

state (in lieu of its nutrition assistance block grant). Provides \$1 million to carry out the study.

Health and Nutrition Promotion Projects

- Authorizes pilot projects that develop and test methods of using the (renamed) Food Stamp program to improve the dietary and health status of participants and eligible persons and reduce overweight, obesity, and diet-related diseases. Provides mandatory funding (\$20 million) for “point-of-purchase incentive” projects that carry out this initiative.

Hunger-Free Communities Grants

- Authorizes matching grants (1) to food program service providers and nonprofits for efforts to assess community hunger problems and to achieve “hunger-free communities” and (2) to emergency feeding organizations for infrastructure development.

Foods Purchased by Schools

- Requires a survey of foods purchased by schools in child nutrition programs and provides mandatory funding for the survey (\$3 million).

Whole Grain Pilot Project

- Requires the Agriculture Department to purchase whole grains and whole grain products for use in school meal programs. Includes a directive for an evaluation of this project and provides \$4 million to carry out the project (funding is provided in Title XIV of the enacted law).

Enrolling Children for Free School Meals

- Requires periodic assessments of states’ effectiveness in enrolling children in food stamp households for free school meals using “direct certification” procedures.

Bill Emerson and Mickey Leland Congressional Hunger Fellowships

- Revises provisions authorizing a Congressional Hunger Fellowship program and authorizes appropriations at “such sums as are necessary.”

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